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*CENTRAL-COLONO* RELATIONS WITHIN THE CUBAN SUGAR INDUSTRY,  
1914-1933:  
EXPLORING THE LOCAL CONSEQUENCES OF GLOBAL CHANGES  
THE CASE OF SAN VICENTE FROM WWI TO THE GREAT DEPRESSION

By

BOLIVAR MOYANO FRAGA

A THESIS PRESENTED TO THE GRADUATE SCHOOL  
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Abstract of Thesis Presented to the Graduate School  
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Bolívar Moyano Fraga

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Sugar has been a mainstay of the Cuban economy since the mid-eighteenth century. It has tied the island nation to forces not only beyond its physical domain but out of its control as well. As such, Cuba and its inhabitants have been dependent upon world market conditions and other factors that have impacted the international sugar trade. An important element in the production of sugar since the mid 1800s has been the relationship between the *central* (sugar mill) and the *colono* (cane farmer).

The manner in which this relation has been affected by the changes in the world price of sugar is an important manifestation of the local consequences resulting from global changes throughout twentieth-century Cuban history. World War I and the Great Depression were two significant world events that impacted the international sugar

market. A study of the specific experience of a mill in western Cuba regarding the interactions between mill and cane farmer from 1914 to 1933 contributes to the understanding of Cuban history.

This thesis relied on materials contained in the Braga Brothers Collection, considered to be a principal source of archival information found in the United States pertaining to the Cuban sugar industry from the late nineteenth century to the 1960s. The collection belongs to the Department of Special Collections of the University of Florida.



## INTRODUCTION

Out of the agricultural and industrial development of these amazing plants were to come those economic interests which foreign traders would twist and weave for centuries to form the web of our country's history, the motives of its leaders, and, at one and the same time, the shackles and the support of its people. Tobacco and sugar are the two most important figures in the history of Cuba. . . . Thus, a study of the history of Cuba, both internal and external, is fundamentally a study of the history of sugar and tobacco as the essential bases of its economy.<sup>1</sup>

Cuban intellectual Fernando Ortiz wrote these lines in the opening of his work entitled Cuban Counterpoint: Tobacco and Sugar. To him, these two agricultural products symbolized and defined his island nation in almost every single aspect and manner conceivable. Essentially, they were contrasting, but parallel elements in Cuban history. According to Ortiz, tobacco represented national sovereignty, while sugar, colonial status. Tobacco meant independence, while sugar signified foreign intervention and dependency.<sup>2</sup> When his work was first published in 1940, sugar accounted for 75% of Cuba's total export value. By then, it had long been the dominant industry in the island's economy. During the 1860s, sugar represented 80% of exports; tobacco, 10%, and coffee, 2%.<sup>3</sup> Although Ortiz placed much importance on tobacco, Cuba relied on

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<sup>1</sup> Fernando Ortiz, Cuban Counterpoint: Tobacco and Sugar (Durham: Duke UP, 1995), 4-5.

<sup>2</sup> *Ibid.*, 7.

<sup>3</sup> For the 1940 figure, see Susan Schroeder, Cuba: A Handbook of Historical Statistics (Boston: G.K. Hall & Co., 1982), 414. For the 1860 statistics, see Francisco López Segrera, "Cuba: Dependence, Plantation Economy, and Social Classes," Between Slavery and Free Labor, ed. Manuel Moreno Fraginals, et al (Baltimore: The Johns Hopkins UP, 1985), 84.

sugar more than on any other product, linking the island to the global economy and making it dependent on world market forces.

In 1914, an event outside Cuba caused changes in world market conditions that favored sugar production on the island. The First World War destroyed much of the European beet sugar industry thereby causing the world's supply to decrease. Consequently, the price of sugar increased, and the island benefited as a result. Those engaged in the production of this commodity—the owners of *centrales* (sugar mills); the *colonos* (cane farmers); and the mill employees and laborers—profited from its sale during the conflict. Thus, World War I represented Cuba's first sugar boom of the twentieth century.

The island continued to prosper for a brief period after the war. However, because the conflict had stimulated sugar production in other areas of the world, output quickly exceeded demand.<sup>4</sup> Consequently, prices plummeted in 1920, translating into decreasing earnings for the Cuban sugar industry and economic recession for the island as a whole. The recovery of European sugar contributed further to world overproduction. Thus, Cuba faced a series of crises during the 1920s, which culminated in 1929 with the onset of the Great Depression. Fortunes and profits made from sugar were lost; incomes declined drastically; and mills and banks went bankrupt.

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<sup>4</sup> According to Dr. Lippert S. Ellis, "The world production of sugar has increased quite steadily since 1852. . . . Production increased very rapidly just prior to the World War and, though there was some decrease during and immediately after the War, production has continued to gain since that time. . . . At the same time that this enormous growth has been taking place in the sugar crop of the world, the consumption of sugar has been increasing steadily. The real cause of the sugar crisis which has existed for the past few years is the fact that the increase in production has developed more rapidly than the increase in consumption." See Lippert S. Ellis, The Tariff on Sugar (Freeport, IL: Rawleigh Foundation, 1933), 23-25.

The changes in the world market price of sugar had important implications for *central-colono* relations.<sup>5</sup> This relationship specifically revolved around the price of cane, which, in turn, depended on the value of sugar. Since international market conditions dictated the price of sugar, global events such as World War I and the Great Depression affected the interactions between mill and cane farmer at the local level.

The present work examines the particular case of Central San Vicente regarding the effects that the changes in the world price of sugar had on *central-colono* relations during 1914-1933. San Vicente was a sugar mill in the western province of Matanzas that had been in existence since the late nineteenth century (fig. 0-1). During the period studied, the *central* belonged to the business interests of Manuel Rionda y Polledo, a prominent sugar businessman. Rionda was instrumental in founding new capital stock companies that channeled foreign capital, both U.S. and European, into Cuba after the island's War for Independence (1895-1898). As such, he played a significant role in the industrialization of production with the establishment of modern *centrales*.

During the first two decades of the twentieth century, Rionda built an impressive enterprise that encompassed several companies. In terms of sugar estates, it included the six mills which belonged to him and his extended family and the seventeen mills owned by the Cuba Cane Sugar Corporation, which Rionda had created during the First World War. San Vicente was the smallest of the Rionda "home plantations."

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<sup>5</sup> For the purpose of this thesis, *central-colono* relations are defined as the sum of interactions involved in the production of sugar between the mill, represented by the management and ownership, and the cane farmer. It is not meant to be confused with the Marxist concept of *relations of production*, which refers strictly to the separation of labor and capital.

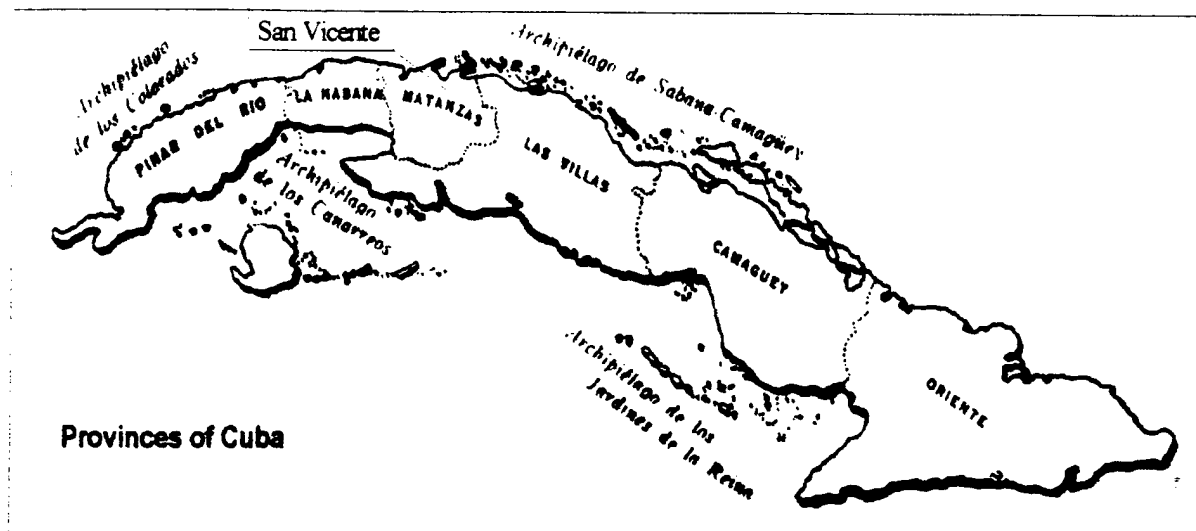


FIG. 0-1 — CUBA AND CENTRAL SAN VICENTE

The above map depicts the location of Central San Vicente and the political configuration of Cuba during the period examined. In June 1878, following the Ten Years' War, the Spanish government created six provinces in Cuba. This political-administrative division remained in place until 1976, when eight additional provinces were formed. Western Cuba consisted of Pinar del Río, La Habana, and Matanzas. Las Villas, which was often referred to as Santa Clara, was geographically in the center of the island. In terms of sugar production, however, the western portion of the province was part of western Cuba, while the eastern section was located outside the traditional sugar cane heartland. The remaining two provinces, Camagüey and Oriente, comprised the eastern region.

Map: Antonio Nuñez Jimenez, Así es mi País: Geografía de Cuba (La Habana: Imprenta Nacional de Cuba, 1961), 2.

Information: Alfredo Mateo Domingo, Historia de la División Politico Administrativa (1607-1976) (La Habana: Editorial Arte y Literatura, 1977), 126-127.

### Source Material

As a case examination, this thesis relies heavily on San Vicente's archives donated to the University of Florida in 1993 as part of the Braga Brothers Collection.<sup>6</sup> The Braga brothers were members of Manuel Rionda's extended family, and their donation is considered to be "one of the richest archival sources on the modernization and expansion of the Cuban sugar industry in the century preceding the rise to power of Fidel Castro."<sup>7</sup> It contains the records of Rionda's New York sugar brokerage firm, the Czarnikow-Rionda Company, and its Cuban subsidiaries and affiliates, which together "were involved in every sector of the cane sugar business: cultivation, refining, storage, transportation, financing, and brokerage."<sup>8</sup>

Offering a number of possibilities for primary source research, the Braga Brothers Collection has been used previously for graduate work. Nevertheless, the material on San Vicente had remained unexamined until now. The majority of this information is in the form of correspondence—letters, memoranda, and cables. They represent the single largest record type of the entire collection. These documents disclose the communication between Manuel Rionda and the mill's managers, company officers, *colonos*, other mill owners, brokerage firms in New York and London, and prominent figures within the Cuban sugar industry. Besides the correspondence, San Vicente's records also include yearly company reports, production data, accounting information,

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<sup>6</sup> The Braga Brothers Collection was first donated to the University of Florida's Department of Special Collection in 1981. A subsequent donation, which included the material on San Vicente, was made in 1993.

<sup>7</sup> Carl Van Ness, "Guide to the Braga Brothers Collection," U of Florida.

<sup>8</sup> Ibid.

and reports on the mill's activities and on matters relating to machinery. As a whole, the archive's documents narrate the experience of Central San Vicente, which is analyzed by comparing and contrasting it with the general historiography on Cuba regarding the *colono*.

### Literature Review

The literature on the Cuban sugar industry during the early twentieth century includes the works written heretofore by graduate students using the Braga Brothers Collection. Robert Nairne Lauriault chose Central Francisco, a Rionda estate located in eastern Cuba, as the subject of his dissertation, Virgin Soil: The Modernization of Social Relations on a Cuban Sugar Estate-The Francisco Sugar Company, 1898-1921 (1994). Lauriault examines the mill's relations of production and argues that the sugar capitalists in the first wave of investment in the east benefited from the opportunity to remold the relations of production. They essentially proletarianized the *colonos* and created a rural proletariat.

In Nature and Profit: A Cuban Sugar Plantation in the Early Twentieth Century (1993), Mark J. Smith utilizes Central Manatí, also in eastern Cuba, as the subject for his thesis on the relationship between society and the non-human environment represented by agricultural production. He explores the interactions that constituted the ecology of sugar production, which included growing the cane, manufacturing the sugar, and turning the sugar into profit. Covering the period 1910-23, Smith focuses on the experience of Manatí from its creation until the end of Cuba's first economic crisis of the 1920s. His work investigates the historical conditions under which *centrales* developed, the manner

in which they secured their dominance of the Cuban landscape, and the ecological conditions under which they operated. According to Smith, an interplay existed between humans and nature in the Cuban sugar industry. As humans shaped the landscape according to their needs, nature conditioned the modes of production they used. He discusses the *colonos* as one aspect of production on Manati.

No Other Law But Supply And Demand: Institutional Change and the Cuban Sugar Economy, 1917-1934 (1993) is the title of Michael Marconi Braga's thesis which seeks to explain the reasons for the institutional changes concerning the sugar industry that occurred during the 1920s and 1930s. Braga employs the perspective of New Institutional Economics as his framework of analysis in his work. His fundamental premise is that institutions are rules that govern and constrain the interactions among society's members. Braga applies this definition on a less macro level by studying the manner in which laws and precepts affected the functioning of the sugar industry and the Cuban economy. He claims that the industry, like society, is comprised of competing interests groups. The gain of one group is at the expense of another. *Colonos* and *central* owners are two of the groups which Braga examined. In his research of the collection, Braga did not concentrate solely on one mill.

In their works, the three former graduate students give a historical background of the cane farmer and make the point that struggle and conflict characterized *central-colono* relations. They do not, however, present much information on or discuss the experience of western Cuba within this context. For his part, Lauriault includes in his conclusion a brief general discussion on the *colonato* in the west. Nonetheless, as case studies of eastern mills which are based on information from the Braga Brothers

Collection, their work is valuable in making comparisons with the experience of Central San Vicente.

In addition to the graduate work using the Riondas' archives, there is the comprehensive historical narrative on Manuel Rionda and the Cuba Cane Sugar Corporation titled Lion's Tail, Head of a Mouse: Manuel Rionda and the Fortunes of Cuba Cane by Muriel McAvoy-Weissman. Her manuscript is the story of Rionda and the large corporation he created, which became the leading sugar producer in Cuba during World War I. McAvoy-Weissman's work provides valuable and useful information on the entire sugar enterprise in which Rionda played a significant role. Nevertheless, she reveals little about Central San Vicente.

Among Cuban historians, Ramón Guerra y Sánchez, Azúcar y Población en las Antillas (1927), and Manuel Moreno Fraginals, El Ingenio (1964), are significant in the study of the sugar industry and its effect on Cuban society. The chief concern of their works is the rise of the sugar latifundia and the influx of large amounts of capital into the eastern provinces of Cuba during the early twentieth century. They examine the impact of these two historical phenomena on the island's social relations. Both Guerra and Moreno discuss the negative consequences of the growth of sugar mills for Cuba's inhabitants. When Guerra's book was first published, he specifically warned against the socio-economic changes taking place with the rise of *centrales*. Both historians consider the experience of the *colono* within this context, depicting him essentially as a victim of the sugar industry.

In 1928, as part of a series on U.S. imperialism, Leland Hamilton Jenks first published Our Cuban Colony: A Study in Sugar. His work explores the history of Cuban-



American relations, concentrating on the period after Cuban independence until the late 1920s. Jenks analyzes the "sugar tie" which linked Cuba to the United States and which had important implications for the island. Like Guerra and Moreno, Jenks also strongly suggests that sugar production had negative consequences for the Cuban people. Within the context of society, Louis A. Pérez, Jr. discusses social responses to the rise of sugar mills primarily in eastern Cuba in Lords of the Mountain: Social Banditry and Peasant Protest in Cuba, 1878-1918 (1989).

As regards sugar production in western Cuba, Laird W. Bergad's Cuban Rural Society in the Nineteenth Century: The Social and Economic History of Monoculture in Matanzas (1990) is of particular importance to this thesis as background information on the condition of this province's *colonos* at the start of the twentieth century. Bergad cites some of the reasons for the contrasts in the *colono* experience between the western and eastern regions. Explanations include differences between the two areas in terms of land tenure, the number and situation of cane farmers, and the degree of infrastructure development. As a general group, there are also numerous comprehensive histories on Cuba that include discussions on the sugar industry and U.S.-Cuban relations as regard the sugar trade.

Most historians highlight the movement of capital to and the subsequent rise of *centrales* in eastern Cuba when writing on the sugar industry during the early twentieth century. Therefore, the discussion on *central-colono* relations is predominantly done within this context. As noted by Lauriault, mill owners in this region were able to mold the relations in the production of sugar more in line with their agenda, since the eastern portion of the island was less developed than the western section. In contrast, the influx

of capital and the modernization of the industry in the west during World War I encountered conditions of production that had evolved in the late nineteenth century.

The present work examines the case of *central-colono* relations on a western mill during the early twentieth century. It reveals several nuances associated with sugar production in the west between 1914 and 1933 concerning the cane farmer. These include the variety in *colono* experiences and the complexity of land tenure, both of which suggest that cane farmers as a group defy classification; the influx of capital in western Cuba during the First World War did not impact the *colono* and the sugar industry in the same manner as it did in the east; and certain *central* owners were able to maintain a cooperative relationship with cane farmers both in times of prosperity and recession.

The following chapters analyze and discuss San Vicente's experience from World War I to the early years of the Great Depression. Chapter 1 introduces the *colonato*, the institution or system involving the cane farmer in his role within the Cuban sugar industry. It gives a historical background of and general information on the *colono*. Chapter 2 provides an overview of the Cuban sugar industry from the turn of the century to World War I and situates Central San Vicente within the Rionda sugar empire. Chapters 3 and 4 examine the mill during the war and the post-war era. Lastly, Chapter 5 is a discussion on the case of San Vicente.

Throughout the work, the primary focus and theme center on the *colonato*. It had its roots in the latter part of the nineteenth century, and although not completely free of friction, this system remained intact during World War I. High sugar prices permitted the continuation of this institution without major disruptions. The decline in prices after the

war, however, generated greater conflict within the *colonato* during the 1920s and early 1930s. This friction partly led to its transformation during the Great Depression with the 1933 Revolution in Cuba.

## CHAPTER I THE *CENTRAL* AND THE *COLONO*

Ramiro Guerra y Sánchez claimed that the influx of foreign capital after Cuban independence and the subsequent establishment of large *centrales* "marked the beginning of the contest between *colono* and central." He added, "The last decades of the [nineteenth] century passed without any appreciable change in the situation because the capital resources of each continued to be fairly evenly matched. But independence created new conditions for industry and . . . permitted foreign capital to weigh overwhelmingly on the side of the factory."<sup>1</sup> The two sides in the Cuban sugar industry were, as Guerra noted, the sugar producer and the cane farmer—the mill and the canefields—processing and agriculture. Manuel Rionda and his associates represented one side, the *colonos* the other. Yet this division of labor existed before Rionda had entered the industry.<sup>2</sup>

### Development of the *Colonato*

Francisco Frías y Jacott, the Conde de Pozos Dulces, a mid-nineteenth century Cuban economist and planter, promoted the idea that the sugar industry should be

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<sup>1</sup> Ramiro Guerra y Sánchez, *Sugar and Society in the Caribbean* (New Haven, Yale UP, 1964), 67.

<sup>2</sup> The term *division of labor* is based on the Spanish term "*separación de la tareas*" employed by Domingo Aldama, a mid-nineteenth century Cuban planter, whom Guerra cites in Spanish in his original version titled *Azúcar Y Población en Las Antillas* (La Habana: Editorial de Ciencias Sociales, 1976), 73.

arranged so that the manufacture of sugar was kept separate from agriculture. According to the count, if the manufacturer did not have to worry about cultivation, he could focus entirely on the processing of sugar, employing his capital in enlarging and improving the mill's operation. Cane farming entailed an entire sphere of expenses and duties in itself: the purchasing of land; the planting and harvesting of the crop; and its transportation to the factory.<sup>3</sup>

The Conde de Pozos Dulces was not the only Cuban economist or planter who thought in this manner concerning the sugar industry, nor was his idea entirely new. The practice of a small number of Cuban peasants growing cane and selling it to be ground had existed since the 1790's.<sup>4</sup> Thus, as Rebecca Scott writes in discussing late nineteenth century Cuban history, "The concept of the *colonia*—an estate that would grow cane to supply to a central mill—was not a new one."<sup>5</sup> Nevertheless, as the Cuban sugar industry changed and evolved, so did the *colonato*.

Before the emergence of *centrales* in the 1880s, sugar was produced by slave labor on relatively small plantations called *ingenios*. The term *ingenio*, according to its definition, refers strictly to the mill which grinds the cane. Nevertheless, it was widely used to describe the entire estate on which cane was cultivated and ground. During the mid-nineteenth century, when Cuba was in its Golden Age, providing one quarter of the

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<sup>3</sup> Guerra, p. 64; Julio Le Riverend, Historia Económica de Cuba (La Habana: Editorial Pueblo y Educación, 1974), Chp XXV.; Hugh Thomas, Cuba: The Pursuit of Freedom (New York: Harper & Row, Publishers), 275.

<sup>4</sup> Thomas, 276. Thomas's original source for this information is Manuel Moreno Fraginals, El Ingenio, Tomo I, 1760-1860 (La Habana: Editorial de Ciencias Sociales, 1978), 34.

<sup>5</sup> Rebecca Scott, Slave Emancipation in Cuba: The Transition to Free Labor, 1860-1899 (Princeton: Princeton UP, 1985), 208.

world's supply of sugar, there were approximately 2,000 mills on the island, ranging in size from 10 to 200 *caballerías* (*caballería*: measurement approximately equal to 33.16 acres). The average *ingenio* measured roughly 20 *caballerías*. The wealth generated by the sugar trade in this period encouraged the move toward industrial production beginning in 1860.<sup>6</sup>

Guerra explains that, as the industry advanced technologically, it was no longer economically feasible to be a sugar planter without owning a larger amount of land or having a considerable amount of capital. The renewal of machinery and acquisition of new processing methods required large financial resources that were beyond the reach of the small landowner, whose modest mill could not produce the quality grade of sugar needed to compete in the market. Given that sugar was the dominant economic activity in Cuba, his only alternative to make a profit, or to simply make a living, was to sell his cane to the owner of a larger, mechanized mill. Despite the fact that mills began to decrease in number, production continued to increase as did the number of *colonos*. With mechanization, the processing capability of each mill improved, expanding its output.<sup>7</sup>

Initially, the *colono* simply took his cane to be ground at the nearest mill and paid the mill owner with part of the sugar produced from his cane, disposing the rest of it as he so desired. The Ten Years' War (1868-1878), however, changed the conditions within

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<sup>6</sup> Fe Iglesias García, "The Development of Capitalism in Cuban Sugar Production, 1860-1900," Between Slavery and Free Labor, 55. On Cuba's Golden Age of sugar, see Thomas, 536. Several authors on Cuban history refer to the mid-nineteenth century using that term.

<sup>7</sup> Guerra claims that beginning in the 1840s, almost all coffee plantations were turned into sugar plantations to take advantage of the economic prosperity presented by the industry. The labor and capital that had been employed in coffee were transferred to the production of sugar. Land on which coffee had been grown was used instead for cultivating cane. See Sugar and Society, Chp. 8.

the industry concerning the cane farmer.<sup>8</sup> This war, an unsuccessful attempt at gaining independence from Spain, precipitated the demise of the small landowner with the outdated mill and his resurgence as a *colono*. It also deepened the division of labor with the emergence of more formalized contractual arrangements.<sup>9</sup> Eventually, some *colonos* would be tied to a certain mill.

Although the destruction from the rebellion was largely confined to the eastern half of the island, disruption of the sugar industry was felt throughout Cuba. According to Susan J. Fernández, "Increased debt, depleted treasuries and fiscal and monetary policies and systems unresponsive to colonial requirements were the legacies of the Ten Years War."<sup>10</sup> Thus, the conflict resulted in the failure of more *ingenios*, and the island lost a greater share of the world market.<sup>11</sup> While Cuban sugar production declined, international output increased, pushing prices downward. Throughout the 1880s, economic ruin became commonplace for many mill owners. Yet the irony of the situation was that in order to survive, a mill owner needed to produce more at a lower

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<sup>8</sup> Guerra, 63.

<sup>9</sup> Ibid.

<sup>10</sup> Susan J. Fernández, *Banking, Credit, and Colonial Finance in Cuba, 1878-1895*, diss., U of Florida, 1987, v. Fernández writes that the Ten Years War had been a protracted and costly rebellion.

<sup>11</sup> According to Fe Iglesias García Cuba had 1,382 mills in 1860. In 1877, there were 1,190 and in 1881, 1,170. This decline was primarily due to the destruction and failure of mills in the eastern part of the island as a consequence of the Ten Years' War. Between 1860-1877, among Cuba's six provinces, the number of producing units actually increased in Havana and Matanzas. In the easternmost provinces of Camagüey and Oriente, however, the number of *ingenios* decreased significantly. From 101 in 1860 to 3 in 1877 in Camagüey, and from 216 to 18 in Oriente during the same time period. Between 1877 and 1881, the quantity of mills decreased in all of Cuba's provinces, with the exception of Las Villas. See "Capitalism in Cuban Sugar Production," 63. According to production data presented by Susan Schroeder, Cuba produced 29.7% of the world's sugar in 1868 and 15.3% in 1878. Between 1878 and 1890, the island accounted for an average of 13.4% of the international supply of sugar. See *Cuba: A Handbook*, 261.

cost. This strategy required mechanization, which required capital, that in turn was not easily accessible.<sup>12</sup>

Essentially, the owners of failed mills became *colonos*, and the mills to which they took their cane became *centrales*, differentiating them from their predecessors, the *ingenios*, and literally describing their central location within a cluster of *colonias*. Those who lost not only their mills, but also their lands were able to lease land from the *central*. Hence, there emerged two general types of *colonos*: the *colono independiente* and the *colono dependiente*. The difference related to land tenure. Independent cane farmers owned their land outright, while dependent *colonos* rented land from the mill, or from another cane farmer, as illustrated in succeeding chapters.<sup>13</sup>

This distinction was fundamentally based on the idea that the owner of a failed *ingenio* who was able to maintain his land had the capability to cultivate cane without financial or material assistance from the mill. Hence, he was independent of the mill. On the other hand, the owner of a failed *ingenio* who was not able to keep his land due to his wrecked financial condition but remained in the sugar industry by becoming a tenant of a mill was a dependent *colono*—relying on the mill to cultivate his crop and make a living.

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<sup>12</sup> Thomas, 273.

<sup>13</sup> The land cultivated by a *colono*, whether owned or leased, was known as a *colonia*.



### The Expansion of *Centrales*, Abolition, and the Railroad

According to Rebecca Scott, some plantation owners saw the *colonato* as a means to rebuild from the destruction of the Ten Years' War and to remain in the sugar business in a period of scarce capital. They could reconstruct their *ingenio* in the form of a *central* by dividing their land among *colonos* or rely on existing, undamaged *colonias* for cane instead of using their own resources for its cultivation. The emergence and expansion of *centrales* thus stimulated the proliferation of *colonias*. In the Santa Ana district of Matanzas, the agricultural census reported that, in 1881, there were eleven sugar estates cultivating a total area of 172 *caballerías*. Between 1884-1885, the same district reported twelve sugar estates, with a total area of cultivation measuring 240 *caballerías*, and 114 additional *colonias*. According to Scott, "The compilers of the report commented on the development in a very short period of time of over one hundred and fifty *colonias* devoted exclusively to the growing of cane."<sup>14</sup>

Cuba's gradual emancipation process which lasted from 1870 to 1886 gave further impetus to the development of the *colono* system.<sup>15</sup> Abolition created a need on the part of mill owners to find an alternative source of labor for planting, growing, and harvesting cane. As Scott explains, the *colonato* was seen as the answer "to some of the problems of the postemancipation period, precisely because it made possible the mobilization of new sources of labor and capital. *Campesinos*, especially whites, who

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<sup>14</sup> Scott, 209-210.

<sup>15</sup> Abolition in Cuba began with the enactment of the Moret Law in 1870, which freed slaves over the age of sixty and those born after September 17, 1868. The emancipation process included a period of apprenticeship, known as the *patronato*, which was ended in 1886, signaling complete abolition of slavery. See Francisco A. Scarano, "Labor and Society in the Nineteenth Century," *The Modern Caribbean*, ed. Franklin W. Knight and Colin A. Palmer (Chapel Hill: The U of North Carolina Press, 1989) 79-81.

would not have worked alongside slaves were willing to undertake the cultivation and cutting of cane on their own."<sup>16</sup> U.S. sugar businessman Edwin Atkins observed that after abolition, "country people leased small pieces of land from the estates and delivered cane to the mills or centrals."<sup>17</sup>

Access to cane was key to a *central's* profitability and success. It needed to produce as much sugar as possible and, therefore, required as much cane as possible. The demand for cane drove the *centrales* into competition with one another for land, which had never been the case with the *ingenios*. Initially, the size of a *central*, as with the *ingenio*, was limited by the high cost of hauling cane using ox-driven carts. With the decline in the price of steel rails after 1877, however, *centrales* were able to significantly expand their holdings by laying down their own rail lines to access cane lands formerly outside their area.<sup>18</sup>

According to Cuban historians Oscar Zanetti Lecuona and Alejandro García Álvarez, private railroads had been used in Cuba since the 1850s, though to a small extent. That changed during the last quarter of the century. The advent of steel rails and lightweight, narrow gauge tracks, known collectively as the *ferrocarril portátil* (portable railroad), greatly affected not only the transportation of cane, but the sugar industry as a whole. Once fully integrated into the production of sugar, the railroad contributed further

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<sup>16</sup> Scott, 210.

<sup>17</sup> Cited in Scott, 210. Scott's original source for the quotation is Edwin Atkins, Sixty Years in Cuba (Cambridge, MA: Riverside Press, 1926), 39.

<sup>18</sup> Guerra, 65-66.

to the industrial development of the *central*.<sup>19</sup> Robert Lauriault claims, "The introduction of railroads to the cane fields represented a major advance in the forces of production, which had profound implications for the relations of production, for the entire political economy and, in fact, for social relations throughout Cuba."<sup>20</sup> Although *centrales* continued to use ox carts, they were no longer restricted in size by this cumbersome mode of transportation. Thus, *centrales* extended their boundaries, rapidly absorbing the old *ingenios*. Some of the former mill owners remained on the land and concentrated on farming cane, becoming *colonos*.<sup>21</sup>

According to Hugh Thomas, "The private railway boom began in the 1880s and lasted all the first half of the 1890s."<sup>22</sup> José Sainz of Matanzas, who owned San Vicente during the late 1800s, laid his track precisely during this period.<sup>23</sup> In extending their size, mills came into competition and conflict with another as cane land became scarce. The *central* was now limited in size by a neighboring mill and the cost of laying rail. *Colonos* profited from this situation, since central owners bid highly for their cane. Guerra writes that one could determine the degree of competition in a certain area of the island by the price of cane. In western Cuba, especially in the Matanzas sugar heartland, the *colono*

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<sup>19</sup> Oscar Zanetti Lecuona and Alejandro García Álvarez, *Caminos Para El Azúcar* (La Habana: Editorial de Ciencias Sociales, 1987), 155-157. Zanetti and García claim that the private railway was the decisive element in the process of mill centralization that made it possible for the *central* to organize—to consolidate—the entire agricultural component related to the production of sugar into one economic unit, essentially forming the plantation latifundia, typical of the sugar sector.

<sup>20</sup> Robert Lauriault, *Virgin Soil: The Modernization of Social Relations on a Cuban Sugar Estate-The Francisco Sugar Company, 1989-1921*, diss., U of Florida, 1994, 5.

<sup>21</sup> Zanetti and García, 153-157.

<sup>22</sup> Thomas, 274.

<sup>23</sup> Braga Brothers Collection (hereafter cited as BBC), Series 2, vol. 38, Manuel Rionda to Walter Ogilvie, August 20, 1915.

obtained a higher price for his cane than in the east. The reason for this difference had to do primarily with the number and concentration of both *centrales* and public railways.<sup>24</sup>

The first public rail line in Cuba was laid in the 1837 in the western province of La Habana. From there, public railroads expanded throughout the west during the nineteenth century and were an essential feature of the Cuban sugar industry.<sup>25</sup> Public railways played a significant role in *central-colono* relations, for they permitted the independent *colono* to move freely within the system of competing *centrales* by offering him the possibility of transporting his cane to the mill of his choice.<sup>26</sup> Zanetti and García report that the first railroad was not constructed in eastern Cuba until the mid-1800s, and its development there was not as extensive as in the west (fig. 1-1). As such, *colonos* in the west benefited to a larger degree from the public railroad network than their counterparts in the east.<sup>27</sup>

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<sup>24</sup> Payment was based on the unit of the *arroba*, a measurement of weight equivalent to 25 pounds. In the west, the *colono* obtained the price of 7 *arobas* of sugar for every 100 *arobas* of cane he delivered to the mill. In the east, however, the maximum price offered was 5 ½, with 4 being the average. See Guerra, 66-67.

<sup>25</sup> Zanetti and García, 34-35.

<sup>26</sup> The *colono* had to pay for the freight charges in transporting his cane via rail.

<sup>27</sup> Zanetti and García, 74.

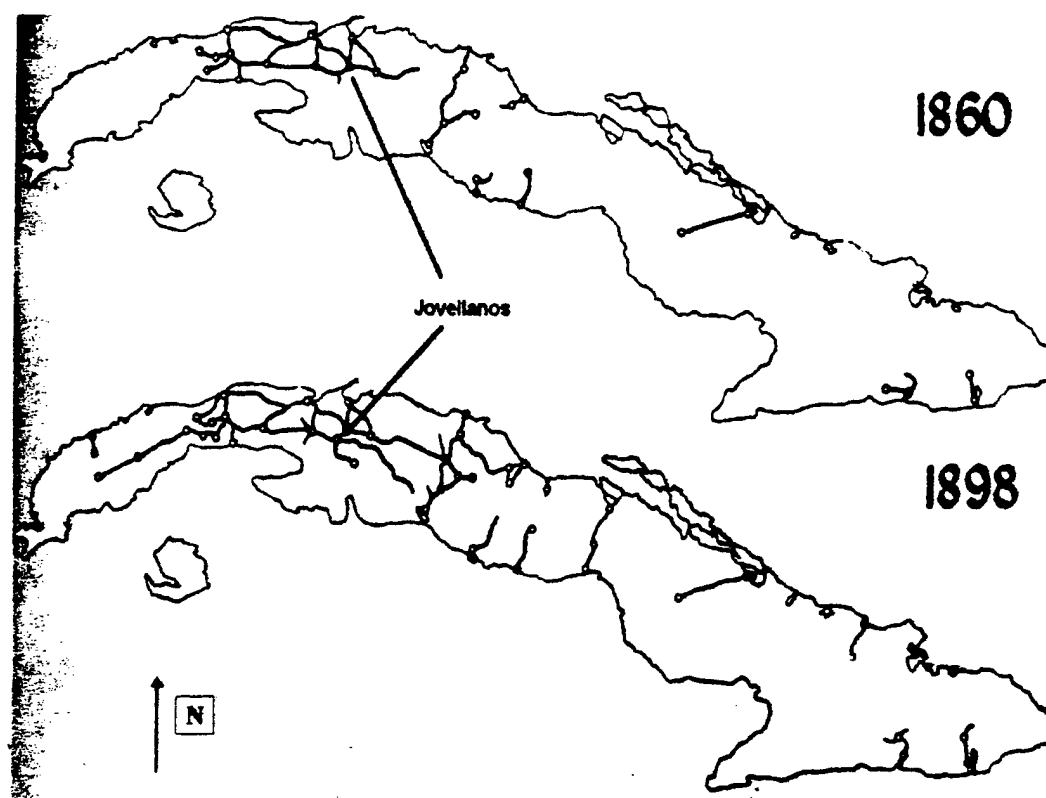


FIG. 1-1 — THE EXPANSION OF PUBLIC RAILROADS IN THE LATE NINETEENTH CENTURY

As shown, western Cuba had a more developed rail infrastructure than the eastern region. Central San Vicente was situated 5 miles east of the town of Jovellanos within the “United Railways triangle,” as the Riondas referred to the formation created by a line of railways running directly north from Jovellanos to the seaport of Cárdenas, southeast from Cárdenas to Colón, and west from Colón back to Jovellanos.

Map: Levi Marrero, *Geografía de Cuba*, 3<sup>rd</sup> ed. (La Habana: Editorial Selecta, 1957), 363. The labeling of Jovellanos not included in the original.

The expansion of *centrales* and the subsequent scarcity of land in western Cuba resulted in competition for *colono* cane.<sup>28</sup> Consequently, mills faced the dilemma of securing enough cane for each harvest at the lowest possible cost. Guerra claims that

<sup>28</sup> Lauriault, 6.

this circumstance made the *central* owner strongly interested in controlling the crop's sources. To do so, required restricting the *colono*'s independence. Guerra writes:

This could be accomplished through one of two means: by economic domination of the *colono*—reducing his independence and making him a vassal of the mill, bound by contract and prevented from freely selling his product—or by purchasing lands and administering them as cane farms or having them sharecropped or rented by *colonos* dependent on the mill.<sup>29</sup>

Cane cultivated on lands administered by the mill came to be known as *caña por administración*, or administration cane. As Lowry Nelson explains, it was “produced under the direct management of the mill itself.”<sup>30</sup> Wageworkers were hired to do the actual work of growing, harvesting, and delivering the crop. To this, Scott adds that beginning in the 1890s, “Contracts between *colonos* and mills . . . show the efforts of estates to extend control over the *colono* and guarantee that he would sell only to a single mill.”<sup>31</sup>

Contracts with cane farmers involved three different agreements: the grinding agreement (*molienda de cañas*), the credit agreement (*refacción agrícola*), and the land lease (*arrendamiento*). The amount of cane to be cultivated and supplied to the mill came under the grinding agreement. The *refacción agrícola* entailed the mill owner's advancing money to the *colono* to cover the costs of planting, cultivating, and harvesting the cane. This cost was deducted from the payment to the *colono* at final settlement. In some instances, the *central* did not have to advance money to the *colono* to cover costs.

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<sup>29</sup> Guerra, 66-67.

<sup>30</sup> Lowry Nelson, *Rural Cuba* (Minneapolis: The U of Minnesota Press, 1950), 121.

<sup>31</sup> Scott, 211.

Instead, town shopkeepers, who were willing to invest in the cane farmer, provided him with the needed credit. Later, banks also loaned money to cane farmers. Lastly, the *arrendamiento* specified the terms of land use and the rental fee.<sup>32</sup>

Collectively, these agreements "obliged the *colono* to supply cane exclusively to the particular *central* at stipulated prices and conditions."<sup>33</sup> Yet not all contracts contained all three agreements. Arrangements made between mill and farmer were made on the basis of individual circumstances. For instance, a settlement with an independent *colono* would most likely not have included a land lease agreement. On the contrary, according to Nelson, those who rented land from the mill were "tied by a 'triple bond' to the mill: they were dependent upon it for land to rent, for milling of the cane, and for credit."<sup>34</sup> In short, mill owners modified a situation regulated by the forces of supply and demand (which in western Cuba, had benefited the *colono*) by tying the cane farmer to the *central* through contracts.<sup>35</sup>

The development of more formalized contractual arrangements was not the only notable change within the relationship between mill and cane farmer during the period after 1880. Another important alteration was in the form of payment. According to Leland Jenks, *centrales* switched from paying *colonos* for their cane with cash to payment in kind. The amount paid was determined as a percentage of the mill's output. The *colono* was given a certain quantity of sugar in exchange for a certain amount of

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<sup>32</sup> Information is based on the overall research of San Vicente's records. Also see Lauriault, 69; Scott, 210.

<sup>33</sup> Iglesias García, 72.

<sup>34</sup> Nelson, 97.

<sup>35</sup> Lauriault, 69.

cane—either planted or delivered to the mill, depending on the terms of contract. Under the previous method of payment, only the mill owner bore the risks involved in the sugar market. For instance, during years of low prices, he incurred heavy losses because he still had to pay the *colono* in cash despite the fact that the commodity was generating less revenue. Under the new system, however, the *colono* also assumed the risks of the trade.<sup>36</sup>

Later, as financing the crop became a problem, with more and more *colonos* going into debt permanently, the rapid sale of sugar became an economic necessity for the farmer in order to pay his creditors and workers. Consequently, instead of being given sugar in return for his cane, the *colono* and the mill owner settled on the *promedio* as the form of payment. The *promedio* was the average price paid for sugar at the port from where the mill shipped its product. This sum was calculated bi-weekly and paid to the *colono* for cane delivered in each period.<sup>37</sup>

#### Colonos: A Varied Group

The changes within the sugar industry after 1880 altered the *colonato*. Essentially, it underwent modifications and became more complex. Different contractual arrangements and methods for accessing the crop resulted from the expansion of *centrales*, the advent of the private railroad, and the competition for cane. As such,

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<sup>36</sup> Leland Jenks, Our Cuban Colony: A Study in Sugar (New York: Arno Press & The New York Times, 1970), 32.

<sup>37</sup> *Ibid.*, 33. The *promedio* was basically the average warehouse price of raw sugar in Cuba.



additional differences within the *colonato* emerged. In the following passage, Scott notes that by the latter part of the nineteenth century, cane farmers formed a varied group:

*Colonos* were, however by no means a homogeneous group. They included former slaves who had been granted or leased small plots of land . . . small landholders who turned to cane growing as the expansion of railways improved access to mills, tenants and entrepreneurs who rented land and contracted to supply a specific mill, and former planters for whom new investments in modern processing machinery were not possible or prudent. . . . *Colonos* ranged from persons who were in effect working piece-rate on land owned by vast estates to investors who owned land and employed large numbers of workers.<sup>38</sup>

Between the independent and dependent farmer, the difference was primarily noted in the terms of their contracts: the latter having less advantageous terms, usually being paid less for his cane.<sup>39</sup> Among the general sub-group of *colonos* who rented lands, an important distinction emerged. Farmers who rented lands that pertained to the mill, whether owned or leased, were usually locked into selling their cane to that *central* only. Hence, they were known as *colonos del central* (*colonos* of the mill), or *colonos de la finca*. As such, *colonos de afuera* (*colonos* from outside) referred to those who grew cane on land not controlled by the mill.

*Colonos del central* were either tenant farmers or sharecroppers. Because they did not own land—and in some cases, equipment or any materials—the *central* provided them with the resources necessary for farming the cane, and it set the terms and conditions for the cultivation and supply of the crop to the factory. Thus, their earnings

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<sup>38</sup> Scott, 212.

<sup>39</sup> General research of the BBC reveals that this was the case. Also see Lauriault, 6.

were regulated by contract.<sup>40</sup> According to Ramiro Guerra, some of these were essentially mill employees without salaries. *Colonos de afuera*, however, could either be renters on land belonging to a party other than the *central* that milled their cane, or they could be proprietors of their own land, in which case they were independent.

In studying *colonos*, these distinctions become more important and noteworthy—although shrouded in perplexity—as the nature of land tenure in the production of sugar became more complex.<sup>41</sup> Nevertheless, as a whole, the historiography on Cuba claims that whether the cane farmer was a *colono independiente*, a *colono dependiente*, a *colono del central*, or a *colono de afuera*, he was tied to the mill—bound by contracts stipulating the amount of cane to be grown and delivered; by the debts he had incurred to cover planting and harvesting expenses; by rental agreements; and by the use of private rail lines to transport cane.

By the beginning of the twentieth century, the *colonato* was a defining characteristic of the Cuban sugar industry, which essentially had been divided into two spheres: manufacture and agriculture. For the *central* owner, this arrangement meant being able to concentrate capital on the upkeep and improvement of his mill in order to extract greater amounts of sugar with the finest quality possible. He could also think in larger terms, making contracts with *colonos* to bring more cultivated land under his control. Thus, expanding his access to additional cane, and he had the rail lines to reach

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<sup>40</sup> Lauriault, 377.

<sup>41</sup> The files of San Vicente pertaining to the BBC reveal several instances in which *colonos* who did not own land were not tied to, or dependent upon, the *central* and, therefore, were able to move relatively freely within the industry much like cane farmers who owned land and to whom historians have strictly reserved the term *colono independiente*. In some cases, independent farmers who were so heavily in debt to the mill were essentially tied to the *central* in a similar fashion as *colonos del central* were until they paid back their loans.

it. For the *colono*, it meant assuming all the risks involved in agriculture—drought, fire, pests, floods, and disease—coupled with the acquisition of labor. According to Lauriault, in being responsible for labor, the *colono* “shielded the management of the central from that source of volatility also.”<sup>42</sup> Nonetheless, as components of the same industry, *central* owners and *colonos* were both subject to the forces and factors that shaped the Cuban sugar industry.

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<sup>42</sup> Lauriault, 70.

## CHAPTER 2

### CENTRAL SAN VICENTE: ONE CONSTITUENT IN A VAST SUGAR EMPIRE

On April 4, 1914, Plácido Alonso, the manager of Central San Vicente, wrote in his daily correspondence to Manuel Rionda, proprietor of the sugar plantation, "I observe that the price of sugar is not increasing, and I would like you to inform me about future prospects, since it is really disheartening that it is so low. Is there any hope?"<sup>1</sup> Five days later, Rionda responded by stating, "He who knows the most about sugar, knows the least," claiming that, given sugar's volatility on the world market, forecasting the industry's course was uncertain.<sup>2</sup> Thus, Rionda could give his plantation manager no guarantees that the price of sugar would increase.

When Alonso wrote his letter to Rionda, the price of raw Cuban sugar, cost and freight, in New York was 1.98 cents per pound.<sup>3</sup> By the end of July, on the eve of World War I, the price had climbed to 2.27 cents. In August, it sold at 4.68 cents per pound, and in the following month, at 4.78 cents. Although the price declined towards the end

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<sup>1</sup>BBC, Series 14, vol. 4, Plácido Alonso to Manuel Rionda, April 4, 1914. Translated by B. Fraga.

<sup>2</sup>BBC, Series 2, vol. 34, Manuel Rionda to Plácido Alonso, April 9, 1914. Translated by B. Fraga.

<sup>3</sup> Most historians and economists consider three price quotations when discussing the Cuban sugar industry: 1) the price of raw sugar in Cuban warehouses; 2) the price of raw Cuban sugar, cost and freight (c. & f.), in New York; and 3) the price of 96° centrifugal sugar, duty paid, in New York. According to Ellis, the c. & f. price, which includes the insurance paid and, therefore, is also known as c. i. f. (cost, insurance, and freight), is the price of sugar landed at New York before the duty is paid. Theoretically, the duty-paid price varies from the c. & f. price by the amount of the duty. The price of the 96° sugar determines the price of all other sugars and, thus, is the most important price quotation for raw sugar on the New York market. When discussing the "New York market" as regards the sugar trade that which is specifically meant is the Coffee and Sugar Exchange at New York. See Ellis, 30.

of 1914 and into 1915, it increased again thereafter, reaching an average price of 4.76 cents in 1916; it continued its upward trend throughout the remaining war years.<sup>4</sup> If Rionda could not give the response that Alonso desired, World War I did, at least temporarily.

### The Cuban Sugar Industry: Before and During World War I

The First World War signaled the first boom in the Cuban sugar industry during the twentieth century. While Europe consumed itself in the destruction of war, Cuba prospered, benefiting from the changes within the sugar market caused by the deleterious events on the other side of the Atlantic. The fighting that ensued when German armies attacked their neighbors to the west decimated the beet sugar industry in that region, turning crop land into the desolate battlefields of the western front. Inevitably, as the war continued, sugar production across Europe, from France to Russia, was devastated, and the international supply of beet sugar declined. In 1914, 8.3 million tons of beet sugar had been produced, with Germany exceeding Cuba in output.<sup>5</sup> Two years later, that figure stood at 5.8 million, and in 1918, it was down to 4.4 million tons.<sup>6</sup>

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<sup>4</sup> Prices for raw Cuban sugar taken from Ellis, 30.

<sup>5</sup> For the figures on European beet sugar, see Louis A. Pérez, Jr., Lords of the Mountain: Social Banditry and Peasant Protest in Cuba, 1878-1918 (Pittsburgh: U of Pittsburgh Press, 1989), 154. For Germany as a sugar producer in 1914, see Thomas, 536.

<sup>6</sup> Pérez, 154.

### Competition from European Beet Sugar

European beet sugar had represented a sizable portion of the world's sugar supply since the mid-nineteenth century. In 1860, Europe supplied 20% of the world's sugar. A decade later, 36% of it came from European beets, and by 1878, that source accounted for almost one half of the international supply of sugar.<sup>7</sup> That same year had also seen the end of the Ten Years' War in Cuba. The rebellion had failed to achieve independence, and the island remained a Spanish colony. Cuba's loss, however, was Europe's gain, for during the armed insurrection, Cuban sugar production declined. It decreased from 749,000 tons in 1868, to 547,000 tons in 1871, and to 520,000 in the final year of fighting.<sup>8</sup> Instead of Cuba, Germany was the world's largest producer of sugar during the war.<sup>9</sup> Europe's hold on the world sugar market continued after 1878, as Cuban producers suffered further setbacks despite the ending of hostilities with the Peace of Zanjón. By 1884, European beet sugar represented 53% of the international supply of sugar.<sup>10</sup> Beet sugar completely supplanted Cuban cane sugar in the European market, and by the final decade of the nineteenth century, Europe was no longer a net importer of sugar, but a net exporter.<sup>11</sup> Moreover, to Europe's advantage, the failure of the Ten Years' War led to a second struggle for independence, which virtually destroyed the Cuban sugar industry.

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<sup>7</sup> Muriel McAvoy-Weissman, Lion's Tail, Head of a Mouse: Manuel Rionda and the Fortunes of Cuba Cane (Concord, NH), Chp. 1, p. 10.

<sup>8</sup> Schroeder, 261.

<sup>9</sup> Thomas, 272.

<sup>10</sup> Ibid.

<sup>11</sup> Pérez, 5.

In 1895, the year that the Cuban War for Independence began, the island's crop yielded 1,004,264 tons of sugar, while during the following two years, each harvest produced no more than 225,000 tons.<sup>12</sup> Before the conflict, Cuba had supplied 12 to 13% of the world's sugar. In 1900, two years after the war, the newly independent nation produced only 3.5% of the world's sugar.<sup>13</sup> The island had 1,100 sugar mills in operation the year before fighting began and 207 at the start of the new century.<sup>14</sup> Overall, agriculture had suffered heavy losses. Of the total 1.4 million acres under cultivation prior to the war, only 900,000 resumed production after the armed conflict.<sup>15</sup> In the primary sugar producing provinces of Havana and Matanzas, less than 15% of the mills that existed in 1894 survived the war.<sup>16</sup>

Cuba paid a heavy price for independence, from which European beet sugar producers benefited. By 1902, when Cuba became officially independent, the island was not as prosperous had it had been in 1895. Sugar prices were down, and in distress, Cuban planters pressed the United States for help. Cuba's neighbor to the north answered them with the passage of the 1903 Reciprocity Treaty. In lowering the tariff on Cuban sugar by 20%, the treaty gave it preferential treatment over all other foreign sugars. Cuba, in turn, gave U.S. imports preferential treatment and enacted stringent immigration laws. As a result, U.S. refiners were able to obtain sugar more cheaply—at

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<sup>12</sup> Le Riverend, 474. For Cuban production figures, also see Schroeder, 261.

<sup>13</sup> Jenks, 128.

<sup>14</sup> Schroeder, 257.

<sup>15</sup> Pérez, 61.

<sup>16</sup> Ibid.

a lower cost than refiners in any other country of the world—and Cuban producers were able to expand their production until they satisfied the U.S. demand for sugar from abroad.<sup>17</sup>

When World War I broke out, the Cuban sugar industry reacted much in the same way as its European counterpart had done during Cuba's struggles for independence. As the world supply of sugar declined, its price increased, stimulating its production elsewhere in the world to fill the void left by the wrecked European sugar industry. In Cuba, production of sugar increased from 2,609,004 tons in 1914, to 4,011,831 tons in 1918, when the war ended.<sup>18</sup> On San Vicente, production rose from 74,646 bags at the end of the 1913-14 harvest to 102,244 bags at the end of the 1917-18 harvest (the approximate weight of a bag of sugar was 300 pounds).<sup>19</sup>

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<sup>17</sup> Jenks, 132-140. Also at the same time, according to Jenks, "the powers of Europe assembled at Brussels to put an end to the export bounty system for their mutual advantage. The Brussels Convention, which was to go into effect September, 1903, promised Cuba for the future a chance at markets other than those of the United States, particularly that of Great Britain." According to figures on Cuba's trade with Europe provided by Susan Schroeder, the Brussels Convention had little positive effect on Cuba. In fact, Cuba's exports to Great Britain declined steadily after 1903, and did not begin a constant upward trend until 1912. Germany supplied Britain with the majority of its sugar until the outbreak of the war. In addition, Cuba's exports to other European nations (Spain, France, and Italy) also declined in the first years after the Brussels Convention. The case of Italy was similar to that of Great Britain. Cuban exports experienced a steady decrease until the war. See Cuba: A Handbook, 427.

<sup>18</sup> José R. Alvarez Díaz et al, A Study on Cuba (Coral Gables, FL: U of Miami Press, 1965), 234.

<sup>19</sup> BBC, Series 10, Box 91, Subject File: San Vicente, Crop Restriction by Cuban Government. In some instances, San Vicente produced bags weighing 325 pounds, but the norm was approximately 300 pounds.



Inside the Cuban Sugar Industry: Central San Vicente and Manuel Rionda

Central San Vicente was a middle-sized sugar mill in the western province of Matanzas, not far from the town of Jovellanos (fig. 2-1). Sugar from the mill was taken by public rail to the nearby port of Cárdenas for export. San Vicente's location represented the heart of the island's sugar production prior to its expansion, backed by U.S. capital, to eastern Cuba after the war of independence (fig 2-2).<sup>20</sup> When Plácido Alonso became the manager of Central San Vicente in 1907, Matanzas had one of the most developed sugar industries on the island, with a well established railroad network connecting the many estates and their canefields to factories and ports.<sup>21</sup>

Prior to becoming the administrator of the estate, Alonso was employed as a sales agent in Havana for the Export Department of Czarnikow, MacDougall & Company (Czarnikow-MacDougall), a sugar brokerage firm headquartered in New York. The company was the U.S. affiliate of C. Czarnikow, Ltd., of London, considered to be the world's largest sugar broker. His uncle by marriage, Manuel Rionda y Polledo, was the director of Czarnikow-MacDougall. Hence, when Plácido Alonso married Odelinda Fanjul Rionda, daughter of María Rionda y Polledo and Alonso Fanjul, he also entered into one of the largest sugar enterprises in the world. Manuel Rionda kept faithful to one of his most valued and time-honored business practices, nepotism, in asking Alonso to manage San Vicente which Rionda had acquired for Czarnikow, MacDougall & Co. in 1906.<sup>22</sup>

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<sup>20</sup> Marrero, Geografía de Cuba, 3<sup>rd</sup> ed., 210.

<sup>21</sup> Van Ness provides biographical information in "Guide to the Braga Brothers Collection."

<sup>22</sup> Ibid.; McAvoy-Weissman, Chp. 1, p. 2.

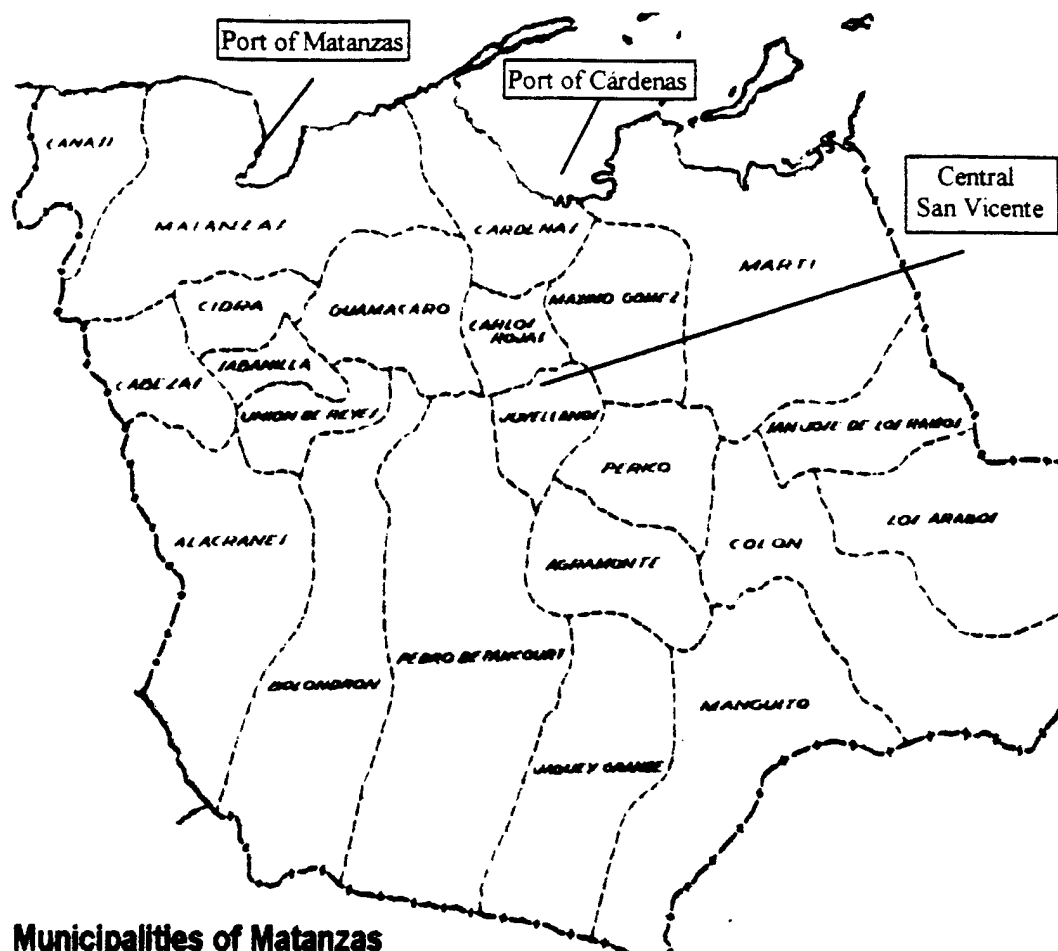


FIG. 2-1 — CENTRAL SAN VICENTE'S LOCATION IN MATANZAS

Central San Vicente was located 5 miles east of the town of Jovellanos and approximately 14 miles southeast of Cárdenas.

Map: Marrero, Geografía de Cuba, 2<sup>nd</sup> ed., 423.

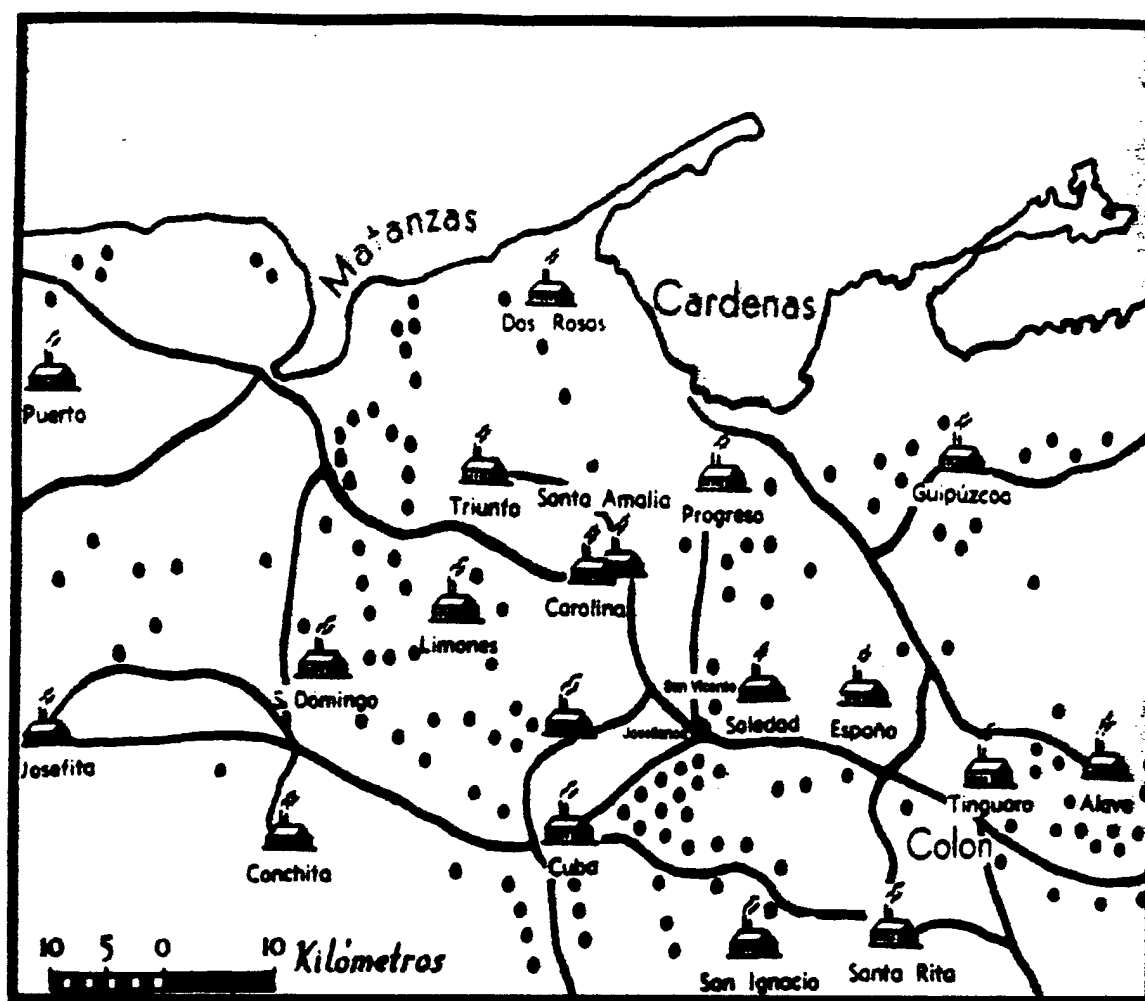


FIG. 2-2 — THE MATANZAS SUGAR HEARTLAND

The above map illustrates the primary sugar producing area of Matanzas during the 1800s. According to San Vicente's records, this area was still extremely important in the early twentieth century. The numerous dots represent 19th-century *ingenios* no longer in existence by 1957 when the book containing the map was published. Thus, according to the map's source, by the 1950s San Vicente ceased operating as a *central*. The mills denote *centrales* in operation at the time of publication. Although originally not labeled, the dot under San Vicente corresponds to its location, as determined from information contained in the mill's records. In addition, the town of Jovellanos—also not labeled in the original—is shown.

Levi Marrero, *Geografía de Cuba*, 3<sup>rd</sup> ed., 210.

San Vicente was one of the 434 sugar mills that existed in Matanzas prior to the Cuban War for Independence. It had belonged to José Sainz, of the town of Matanzas, who according to Manuel Rionda, "was one of the largest sugar and molasses men of the time." Between 1891 and 1893, Sainz built a railroad line connecting his factory to the main line owned by United Railways at a point near the town of Jovellanos. Sometime between 1901 and 1902, the property was transferred to the Landaluce Family, who were heirs to some of Sainz's former partners in Matanzas. Under their ownership, the property declined, and the foreclosure of some of its mortgages closed it in 1906. Czarnikow, MacDougall & Co., which was a minor creditor of the estate for \$20,000, secured San Vicente at its bankruptcy for \$169,083.80, "a very high price," according to Rionda.<sup>23</sup>

It must have seemed especially high, because the property was in very poor shape. Manuel Rionda described it as "the worst place [he] had seen in Cuba or elsewhere," stating further that "the machinery was in deplorable condition."<sup>24</sup> The estate had only two mills, which were very antiquated and ineffectively located, for cane had to be hauled from one end of the property to other. Nevertheless, Rionda must have been a man of vision in purchasing San Vicente given the unfavorable state in which he found it.

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<sup>23</sup> BBC, Series 2, vol. 38, Manuel Rionda to Walter Ogilvie, August 20, 1915.

<sup>24</sup> Ibid. On information relating to currency and the monetary system in Cuba, see Henry C. Wallich, Monetary Problems of an Export Economy: The Cuban Experience, 1914-1947 (Cambridge: Harvard UP, 1950), 32-34. According to Wallich, prior to 1914, Cuba had three types of currencies: the Spanish *centén*, the French *luis*, and the U.S. dollar. The dollar was primarily used in government and foreign trade transactions, while the two European currencies were employed in local trade. Wallich further claims that "various Spanish and French silver coins were used in small retail transactions and for wage payments . . ." In 1914, the Cuban government created the *peso*. The Monetary Law of 1914 established the dollar and the *peso* as the legal circulating currencies. Between 1914 and 1931, the *peso* "was almost always at par with the dollar . . ." It had a gold content equal to that of the dollar.

If not, he certainly had the determination and strong will that characterized so many of the hardworking, poor Spanish immigrants who came in large numbers to Cuba from the northern regions of Galicia and Asturias beginning in the late nineteenth century.<sup>25</sup>

### The Rionda Sugar Empire

#### The Beginnings: The Rionda Family

Manuel Rionda was born on October 3, 1854, in Noreña, a village in Asturias, to Bernardo de la Rionda y Alvarez and Josefa Polledo y Mata. He was one of eight children. His siblings included his brothers Francisco and Joaquín and his five sisters, María, Isidora, Gregoria, Ramona, and Bibiana.<sup>26</sup> "I had no boyhood," claimed Rionda.<sup>27</sup> Born into poverty, he tended the family goats and plowed the fields with his sisters until the age of sixteen when he was beckoned across the Atlantic.<sup>28</sup>

His brothers, who were both several years his senior, had left Spain for Cuba when he was still a young child. Both went first to join their maternal uncle, Joaquín Polledo, who was a merchant with connections throughout Havana and Matanzas. Joaquín Polledo, as other merchants in Cuba, served an important and necessary function within the Cuban sugar industry. Because Cuba lacked a modern banking system, merchants many times functioned as local brokers, attending to the routine tasks of the

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<sup>25</sup> BBC, Series 2, vol. 38, Manuel Rionda to Walter Ogilvie, August 20, 1915; Biographical information found in "Guide"; Pérez, 11.

<sup>26</sup> Van Ness, "Guide."

<sup>27</sup> BBC, Series 2, vol. 70, Manuel Rionda to William S. Clarke, May 10, 1929.

<sup>28</sup> BBC, Series 2, vol. 68, Manuel Rionda to José M. Clarke, October 29, 1928.

industry for plantation owners.<sup>29</sup> They advanced money for the harvests and arranged for warehousing, for shipping, and for credit. They provided the needed financial services that the production of sugar required, and when sugar—the driving force of Cuba's economy—did well, so did merchants like Polledo. Many became wealthy and obtained their own sugar plantations.<sup>30</sup>

Francisco settled in Cuba and worked in his uncle's firm, becoming his partner in the business that became Polledo, Rionda, & Company. He also worked on the family's sugar plantations in Matanzas. Francisco was able to expand the family enterprise by marrying Elena de la Torriente y Hernández, who belonged to a family-owned sugar empire that included plantations and the largest warehouse in Matanzas. Joaquín, on the contrary, was sent to New York City to become skilled in the other part of the enterprise, the buying and selling of sugar on the international market. There he formed a partnership entitled Benjamin, Rionda, & Company with Lewis Benjamin, a commissioned merchant.<sup>31</sup>

This was the world of sugar that Manuel Rionda encountered when he arrived in Havana in 1870. It was a system founded on familial and business ties that stretched throughout Cuba and beyond, encompassing an overseas network much larger than any segment within the island's sugar industry. Sugar was Cuba's link to the world economy, and it bound the island to forces that were not only physically beyond its domain but out of its control as well. Rionda would rise to a position of importance and power in this

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<sup>29</sup> Fernández, 49-51.

<sup>30</sup> Van Ness, "Guide"; McAvoy-Weissman, Chp. 1, p. 3.

<sup>31</sup> Van Ness, "Guide."

web of sugar, but even he was never completely independent of the forces that regulated the world sugar market.

Manuel did not remain in Cuba long; he was soon sent to Portland, Maine. There, under the auspices of George S. Hunt, a leading businessman of the city and manager of the Eagle Sugar Refinery, young Manuel completed his education at the Abbott School. Hunt was a business acquaintance of Manuel's uncle in Havana, from whom the Portland merchant imported Cuban molasses. After finishing his formal education in Maine, Manuel, at the age of twenty, went to New York to join his brother Joaquín in the firm of Benjamin, Rionda, & Company. He remained in the United States until the mid-1880's, when he departed for Cuba. Joaquín had left shortly before Manuel, and now, both brothers joined Francisco in running the family's sugar estates on the island. The 1880's were a difficult decade for the Rionda brothers. They lost virtually all their landholdings. Nevertheless, they were able to purchase the Tuinucú Plantation near the town of Sancti Spiritus, east of the sugar cane heartland. There, they built a modern raw sugar factory, and the estate became Central Tuinucú.<sup>32</sup>

Manuel returned for good to New York in 1886, going into the sugar brokerage business via a partnership with Juan M. Ceballos. He stayed with Ceballos until 1896. With the co-partnership set to expire in December of that year, Rionda agreed to join Czarnikow, MacDougall & Company, the New York affiliate of the preeminent British sugar brokerage firm, C. Czarnikow, Ltd.<sup>33</sup> He joined the company in May 1896 as a

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<sup>32</sup> Van Ness, "Guide"; McAvoy-Weissman, Chp. 1.

<sup>33</sup> BBC, Series 10, Box 5, Folder title: European Mail, C. Czarnikow, Ltd., 1911-1914, Manuel Rionda to Lagemann, September 7, 1912.

commission agent, claiming, "... Czarnikow made me very satisfactory terms."<sup>34</sup> Indeed they were satisfactory terms—perhaps more than satisfactory—for in May of that year, fourteen months had passed since the start of the Cuban War for Independence. By then, the conflict had produced much damage in western Cuba, causing sugar production to decline to 225,000 tons—a quarter of the amount of the previous year. "The Cuban War killed Cuban business," stated Rionda. In New York, the Ceballos firm met with ruin, and in Cuba, Tuinucú was threatened by the torch of revolution. Czarnikow-MacDougall's offer could not have come at a better time.<sup>35</sup>

Central Tuinucú was in fact put to the torch by insurgents—its cane fields going up in smoke—like so many other sugar estates throughout the island. Francisco Rionda and his family, who were living on the property, abandoned the *central* before it was set fire. Francisco feared execution by both sides in the conflict. He had been captured by insurgents and then arrested by Spanish forces. Both parties had threatened to put him to death if he did, or did not, harvest the cane. In the end, he left that decision to the forces of war and escaped with his family to the United States. They left from a port on the south coast of the island, making their way to Savannah, Georgia, and from there, to New York, where they joined Manuel as refugees. With Francisco's death in the United States

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<sup>34</sup> Quotation taken from BBC, Series 1, Box 12, Folder title: Lewin, Jules, Manuel Rionda to Lewin, February 16, 1897.

<sup>35</sup> Van Ness, "Guide"; McAvoy-Weissman, Chp. 2. For quotation, see BBC, Series 1, Box 12, Folder title: Lewin, Jules, Manuel Rionda to Lewin, February 16, 1897; On Rionda's gratefulness to C. Czarnikow, Ltd., see BBC, Series 10, Box 5, Folder title: European Mail, C. Czarnikow, Ltd., 1911-1914, Manuel Rionda to Lagemann, September 7, 1912.



in 1898, nine years after Joaquín had passed away, Manuel became the head of the family's properties and businesses.<sup>36</sup>

### Building a Sugar Empire

Although initially reluctant to continue in Cuba after the war, Manuel reinvested in the Cuban sugar industry. He must have had faith that the island's rich soil and proximity to the United States, its largest market, would secure a prosperous future for sugar production in the long term. In the short term, however, repairing and rebuilding Cuba was going to be a huge task, requiring capital and tireless effort. The devastated fields had to be plowed, fertilized, and replanted and the ruined machinery replaced along with the oxen that had been killed.<sup>37</sup>

Manuel arrived in Cuba before Francisco's coffin was embarked from New York for the island in late January 1899. After committing the casket to the family tomb in Matanzas, Manuel set out with his wife and two of his nephews to see what remained of the family's lands. They found Tuinucú in disrepair, having been overtaken by weeds and vines. Not a single living animal or a single piece of furniture was found. The mill, however, was intact, but not in working condition. Rionda decided to revive the *central* and was able to obtain the necessary funds to do so.<sup>38</sup>

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<sup>36</sup> Van Ness, "Guide"; McAvoy-Weissman, Chp. 2. Joaquín died at Tuinucú as a result of a horse riding accident in 1889.

<sup>37</sup> Ibid. On the prospects of Cuban sugar production after the war, Caesar Czarnikow, the head of C. Czarnikow, Ltd., wrote Rionda in 1896, "You must be on the alert, as I foresee that Cuba once pacified will be the great field for our action." See McAvoy-Weissman, Chp. 2, p. 18. Her original source for the quotation is BBC, Series 1, C. Czarnikow to Manuel Rionda, May 21, 1896.

<sup>38</sup> McAvoy-Weissman, Chp. 3.

From Tuinucú, Rionda and his nephew Bernardo Braga went further east to inspect the lands that Francisco had purchased near the Gulf of Guacanayabo in the province of Camagüey. They determined that the land was good for cane and chose a site on which to build a mill. Rionda and Bernardo named the estate Francisco in honor of the late patriarch, and in planning to build a *central*, the Riondas established themselves as pioneers in the sugar industry, being among the first to expand production to eastern Cuba. Rionda returned to New York to organize a new company for the exploitation of Francisco, and Bernardo remained in Cuba with the task of rebuilding the family's connections. He rode on horseback throughout Las Villas, Matanzas, and Havana, and met with the owners of sugar mills and stores, establishing friendships and business contacts for Czarnikow, MacDougall & Company.<sup>39</sup>

On March 1, 1899, in New Jersey, Rionda formed the Francisco Sugar Company to develop his property in Camagüey. George R. MacDougall, of Czarnikow, MacDougall & Co., was elected president of the new enterprise. The principal investors were the owners of the W. J. McCahan Sugar Refinery in Philadelphia; they would essentially manage the business until 1909. In this manner, Czarnikow-MacDougall, with Rionda as its principal agent for matters relating to business in Cuba, became the first U.S. firm to enter full force into the Cuban sugar industry immediately after the war. It not only invested in property but also loaned money. Rionda claimed that his New York firm advanced "money to the many needy Cuban planters. . . . when no one else would lend money in Cuba. . . ."<sup>40</sup>

<sup>39</sup> Van Ness, "Guide"; McAvoy-Weissman, Chp. 3.

<sup>40</sup> Ibid. For quotation, see McAvoy-Weissman, Chp. 3, p. 8.

The practice of loaning money turned out to be a vehicle for the expansion of the Rionda interests in Cuba, for when the planters failed to meet debt obligations, their mills passed into the hands of Czarnikow, MacDougall & Co.. In this manner, between 1902 and the beginning of World War I, Rionda was able to considerably expand his operations and holdings on the island. San Vicente and San José, which became Central Washington, were two bankrupt sugar estates Rionda acquired during this time period. In 1907, Rionda became president of the Stewart Sugar Company, a newly formed business that succeeded the Silveira Sugar Company, which had failed in its venture in Camagüey. C. Czarnikow, Ltd. was the first to be approached for the investment of capital in the new undertaking, to which it committed in exchange for the provision that its first five harvests be sold through Czarnikow, MacDougall & Co.—essentially through Manuel Rionda. By that time, Rionda must have established a reputation for himself as an efficient and competent sugar man within Cuban, British, and American business circles, for he was specifically requested by Sullivan & Cromwell, the distinguished Wall Street law firm of which several partners had invested in the Stewart Sugar Company, to head the new enterprise.<sup>41</sup>

Rionda was able to deliver for Sullivan & Cromwell. He carried the company through its difficult initial phase of organization and its first harvest. His success became the foundation of a lengthy and useful relationship with the renowned law firm—a relationship characterized by subsequent business dealings.<sup>42</sup> Rionda was building upon

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<sup>41</sup> Van Ness, "Guide", McAvoy-Weissman, Chp. 15, p. 18.

<sup>42</sup> Van Ness, "Guide."

the world-wide sugar network he had entered as a young man to ensure both his own success and that of those for whom he worked. Success depended on expansion, and expansion depended on capital. With practically no capital resources in Cuba, foreign capital from North America poured into the island, attracted by the possibilities of profit.<sup>43</sup>

Rionda was not alone in Cuba; competition followed him closely. In 1899, within months after the founding of the Francisco Sugar Company, the Boston Fruit Company erected Central Boston, and Robert Hawley, Texas congressman and businessman, incorporated the Chaparra Sugar Company after having acquired the Chaparra sugar estate.<sup>44</sup> Rionda pressed ahead in his endeavors. An important episode unfolded when Caesar Czarnikow, the founding and senior partner of C. Czarnikow, Ltd., passed away in April 1909. Upon receiving the news of his employer's death, Rionda sailed to London to meet with the remaining partners of the firm.<sup>45</sup>

Czarnikow was survived in the company by his four partners, Charles Lagemann, Julius Charles Ganzoni, Hubert Nieburg, and Theodore Westrik. The five of them together illustrated the international character of the sugar business, whose world-wide network crossed nearly all borders, whether political, geographical, or cultural. In 1891, Lagemann, a German, and Ganzoni, the son of a Swiss banker, joined Czarnikow,

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<sup>43</sup> Le Riverend, Chp. XXXI. Le Riverend discusses the financial crisis in Cuba resulting from the Ten Years' War and the island's further debilitation during the War for Independence. The war, combined with the lack of a modern banking system in Cuba during the colonial era, made native sources of capital virtually non-existent. Although foreign investment in Cuba was not new prior to independence, it would become the dominant form of capital in the new republic. Le Riverend estimates that in 1899, U.S. investments totaled \$50 million.

<sup>44</sup> McAvoy-Weissman, Chp. 3.

<sup>45</sup> Ibid., Chp. 5.

himself a Polish Jew and son of the Court Agent to the Prince of Schwartzburg.<sup>46</sup> A decade later, in 1901, Nieburg, also from Germany, and Westrik, a Belgian, became partners in the firm.<sup>47</sup> The four of them were now left to carry on the entire business which meant dealing with each of its affiliates, including Czarnikow, MacDougall & Co. of New York, of which Rionda was now the chief representative.

At the time of Czarnikow's death, George MacDougall, back in the United States, was retiring from his New York company, leaving Rionda free to do as he thought best. Rionda did not know what to expect from the four remaining partners of C. Czarnikow, Ltd., since in all his previous trips to London, he had dealt almost exclusively with Czarnikow. Nevertheless, he knew for sure what he needed—what he thought best.<sup>48</sup> He needed and desired that business continue with as much capital as possible.<sup>49</sup>

To Rionda's satisfaction, a new company was formed, the Czarnikow-Rionda Company. It was a private company formed by a contract between five men as individuals, not as an agreement between C. Czarnikow, Ltd. and Rionda. The four Londoners would hold \$300,000 in common stock to be divided in the following manner: \$90,000 each by Lagemann and Ganzoni, and \$60,000 each by Nieburg and Westrik. Rionda would hold \$200,000.<sup>50</sup> Manuel Rionda was now President of the Czarnikow-

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<sup>46</sup> McAvoy-Weissman, Chp. 2.

<sup>47</sup> Ibid., Chp. 5.

<sup>48</sup> BBC, Series 10, Box 5, Folder title: European Mail, C. Czarnikow, Ltd., 1911-1914, Manuel Rionda to Lagemann, September 7, 1912.

<sup>49</sup> Ibid.

<sup>50</sup> BBC, Series 10, Box 5, Folder title: European Mail, C. Czarnikow, Ltd., 1911-1914, Lagemann to MacDougall, July 30, 1912, and Manuel Rionda to Lagemann, September 7, 1912.

Rionda Company in addition to Director of Czarnikow, MacDougall & Company, Ltd. of London and New York, and Director of the Washington Sugar Company.<sup>51</sup> Although C. Czarnikow, Ltd. retained financial control of the new company, Rionda now had more leeway to go about business, and as time passed, further negotiations would reduce British participation in Czarnikow-Rionda.<sup>52</sup>

The founding of Czarnikow-Rionda was not the only change within the Rionda sugar realm that Plácido Alonso and Central San Vicente had or would experience. In 1907, the same year that Alonso was asked to manage San Vicente, Rionda had replaced Czarnikow-MacDougall's Export Department with the Cuban Trading Company.<sup>53</sup> Incorporated in Havana in July, it was headed by Victor Zevallos and essentially became Rionda's head office in Cuba. From there, the entire operation on the island was overseen.

For Alonso, this meant that the mill he managed, San Vicente, belonged to its holding company, the Cuban Commercial and Industrial Company, which was headquartered in Rionda's office in New York. Rionda and various members of his

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<sup>51</sup> BBC, Series 10, Box 5, Folder title: European Mail, C. Czarnikow, Ltd., 1915-1916, Document 1909 C. No. 3200 from the High Court of Chancery Division. This document states that Czarnikow-MacDougall was being liquidated.

<sup>52</sup> C. Czarnikow, Ltd. accommodated Rionda because he was absolutely essential to their sugar business. He had basically built their operations in Cuba. See Van Ness, "Guide." Also, on Rionda's importance, see Manuel Moreno Fraginals, "Plantations in the Caribbean: Cuba, Puerto Rico, and the Dominican Republic in the late Nineteenth Century," Between Slavery and Free Labor, 12. He writes, "merging with the New York-based Cuban broker Manuel Rionda in 1909 as the Czarnikow-Rionda Company, within a few years it [C. Czarnikow, Ltd.] had so dominated the market that it could act as sole broker for the Cuban crops of the war years (1914-18) and for some 80 percent of both Puerto Rican and Dominican crops of the same period."

<sup>53</sup> McAvoy-Weissman, Chp. 5.

family, including Alonso, were the primary stockholders in this company.<sup>54</sup> The Cuban Commercial and Industrial Co., in turn, was affiliated with Czarnikow-Rionda, having been previously affiliated with Czarnikow-MacDougall until 1909. Czarnikow-Rionda itself looked to C. Czarnikow, Ltd. as its parent company. In addition, Alonso had to consider the Cuban Trading Company, a subsidiary of Czarnikow-Rionda, since often times company orders came from there—from the “Havana Boys.”<sup>55</sup>

### Manuel Rionda and Foreign Capital

The international sugar web was far from static. It was always changing, being shaped by the men within the industry and taking its cues from the world sugar market. For Rionda, providing work and a livelihood for his many nephews, just as his Uncle Joaquín had done for him, was a primary motivating factor.<sup>56</sup> To do so, he needed to keep abreast with the changes in the market, ensure he had the needed capital, and act accordingly at propitious moments. One month prior to the founding of Czarnikow-Rionda, sugar market analysts of Willet & Gray stated in The Cuba Review that all indications strongly suggested “a large increased consumption” of sugar in the United States and elsewhere.<sup>57</sup> Rionda’s desire that the supply of capital continue unhindered after Czarnikow’s death in 1909 was simply good business sense. Two years later, in

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<sup>54</sup> McAvoy-Weissman writes that essentially since the company’s creation, the Riondas owned a majority of the stock. For a list of company stockholders, see BBC, Series 10, Box 91, Folder title: Working Papers of Manuel Rionda, List of Stockholders in San Vicente, September 23, 1932.

<sup>55</sup> Manuel Rionda often referred to Victor Zevallos and Higinio Fanjul, both of whom worked at the Cuban Trading Company office in Havana, as the “Havana Boys.” BBC.

<sup>56</sup> McAvoy-Weissman, Chp. 8, p. 15.

<sup>57</sup> The Cuba Review, March 1909, 30.

June 1911, Rionda wrote in a letter, "there is great demand now for sugar plantations in Cuba."<sup>58</sup> A sharp rise in the price of sugar on the New York market during the middle of 1911 had caused this demand.<sup>59</sup> Responding to this increase, Rionda turned his attention to easternmost Cuba to erect his next central.<sup>60</sup>

Until the summer of 1911, Rionda had purposely avoided expanding business operations to that part of the island. He had referred to the area as "the wilds of Cuba," as recently as that spring, and had stated that he had no intentions of expanding business that far eastward. C. Czarnikow Ltd., however, had advocated extending operations in that direction to take advantage of "virgin soil and cheap labor."<sup>61</sup> Rionda, nonetheless, objected. Although he disagreed on the profitability of going east, by 1911, he recognized that western lands were being depleted.

In a letter to lawyer and business partner Alfred Jaretski, of Sullivan & Cromwell, Rionda expressed his preoccupation with the poor yields of his properties west of Oriente, Cuba's easternmost province. He made his concern known that money was being wasted and that land was being used at a faster rate than necessary to grow more cane to produce the same amount of sugar.<sup>62</sup> "If present capacity . . . is increased and the

<sup>58</sup> BBC, Series 2, vol. 28, Manuel Rionda to Walter E. Ogilvie, June 19, 1911.

<sup>59</sup> In 1911, prices for 96° centrifugal sugar, duty paid in New York, rose from 3.860 cents per pound in May to 3.928 in June, to 4.372 in July, and to 5.009 in August. See Ellis, 105.

<sup>60</sup> Mark J. Smith, Nature and Profit: A Cuban Sugar Plantation in the Early Twentieth Century, thesis, U of Florida, 1993, 43. Smith claims, "The strengthening of an already robust sugar market apparently convinced Rionda to reconsider his position on an eastern plantation."

<sup>61</sup> BBC, Series 5, Box 2, Folder title: December 1910 - March 1911. London to NYC, C. Czarnikow to Czarnikow-Rionda, February 25, 1911.

<sup>62</sup> BBC, Series 2, vol. 30, Manuel Rionda to Alfred Jaretski, March 27, 1912.



same methods are pursued, it naturally follows that the depletion of our lands will follow," Rionda wrote.<sup>63</sup> He added that it was perhaps time to begin an operation in Oriente "before lands became scarce in the district and, consequently higher [in price]."<sup>64</sup>

Encouraged by the auspicious changes in the market for Cuban sugar and by the availability of virgin soil in the east, Rionda decided that a central in Oriente would prove profitable. As a result, Central Manatí was erected on the Bay of Manatí in Cuba's easternmost province. It was incorporated in the United States as the Manatí Sugar Company on April 30, 1912.<sup>65</sup> This mill serves as a prime example of Manuel Moreno Fraginals's description of the process of technological innovation within the Cuban sugar industry that began in the latter part of the 1800s and continued into the twentieth century:

The installing of this new machinery required an extremely large economic investment and the scrapping of the existing production line and even of most of the buildings constructed under the previous system. Consequently, the new enterprise cannot be considered an old mill that had been modernized (as was the case with the introduction of the first steam engines into the sugar mills); rather, the old sugar mill was demolished, and in its place—or elsewhere—new buildings were erected to house the new machinery . . . . The only holdovers of the old sugar mill complex were, in general, certain structures for social use, . . .<sup>66</sup>

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<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> McAvoy-Weissman, Chp. 6, p. 9.

<sup>66</sup> Moreno Fraginals, "Plantations in the Caribbean," 4.

In contrast to Central Manatí, San Vicente, like the other *centrales* of Matanzas, represented the case of establishing a modern *central* on the site of an old *ingenio*.<sup>67</sup> In the same year that Manatí was erected, to the credit of the 1903 Reciprocity Treaty, "Cuban sugar had driven out all European, West Indian or other unfavoured sugar from the U.S. market."<sup>68</sup> Rionda had good reason to be optimistic in the spring of 1912. Manatí was begun, and in the U.S., domestic costs for sugar production were much greater than the costs in Cuba. Therefore, Rionda reasoned that higher cost producers in the United States would inevitably go out of business.<sup>69</sup> To Rionda, this signaled that Cuba would have an even larger market to the north and, hence, could confidently go on expanding production.<sup>70</sup>

If for Rionda ensuring his family's prosperity was a driving force in doing business, for the large investors whom he attracted to Cuba in what would be his largest endeavor, the impetus to put forth the capital was the expectation that WWI would raise sugar prices, generating large profits.<sup>71</sup> By the start of the war, San Vicente was one of five plantations that belonged directly to the Riondas. Their other four properties were

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<sup>67</sup> Marrero, *Geografía de Cuba*, 3<sup>rd</sup> ed., 210. Writing in 1957, Marrero states, "The present *centrales* of the province of Matanzas are old *ingenios* rebuilt and modernized, . . ." Translated by B. Fraga. In 1946, Marrero reported that the province's 24 mills were founded between 1805 and 1902. Not one had been erected after 1902. See *Geografía de Cuba*, 2<sup>nd</sup> ed., 414.

<sup>68</sup> Thomas, 536.

<sup>69</sup> McAvoy-Weissman, Chp. 6, p. 15.

<sup>70</sup> Ibid. On the topic of the Reciprocity Treaty of 1903 and the price of Cuban sugar, see Thomas, 536-537. He discusses that in the long run the treaty did not prove beneficial to Cuban producers, since the price paid for Cuban sugar in New York essentially became the world price with the Cuban duty added to it. Combined with over-production in Cuba, this resulted in relatively low prices in 1913-1914.

<sup>71</sup> Carl Van Ness, conversation, University of Florida, September 9, 1997.

Tuinucú, Francisco, Washington, and Manatí. In 1915, the five would become six with the construction of Central Elia, also in Camagüey, adjacent to Francisco (fig 2-3).<sup>72</sup>

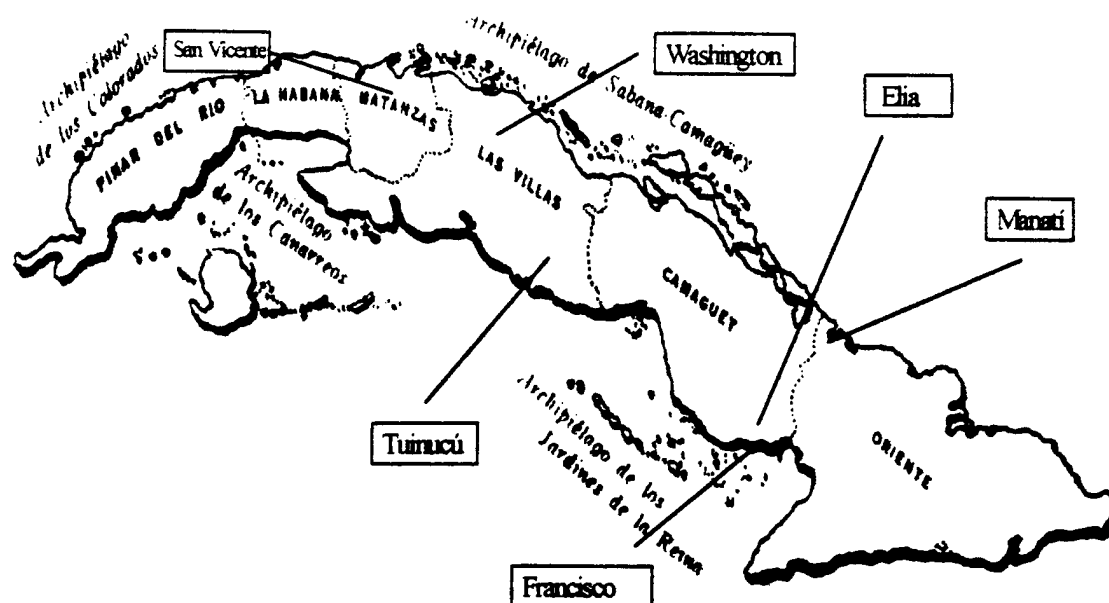


FIG. 2-3 — THE RIONDA PLANTATIONS

Map: Nuñez Jimenez, 2.

The family properties were later joined by several other estates as part of the entire sugar enterprise in which Rionda played a significant role. The new business venture was the Cuba Cane Sugar Corporation (CCSC), which Rionda incorporated on December 31, 1915. At the time, it was the largest U.S. investment scheme in Cuban

<sup>72</sup> The Rionda family owned the majority of the shares in each of these estates. See BBC, Series 2, vol. 34, Manuel Rionda to Plácido Alonso, April 1, 1914; BBC, Series 10, Box 91, Folder title: Working Papers of Manuel Rionda, List of Stockholders in San Vicente, September 23, 1932. Also see McAvoy-Weissman, Chp. 15, p. 25 and Chp. 16, p. 18. On a related topic, McAvoy-Weissman reports that Francisco, Tuinucú, and San Vicente "contributed nearly \$100,000 in yearly profits to Czarnikow-Rionda in commissions." See Chp. 8, p. 15. Her original source is BBC, Series 4, Manuel Rionda to Lagemann, May 17, 1915.

sugar.<sup>73</sup> It was definitely his most ambitious undertaking, surpassing Manatí.<sup>74</sup> Financially supported by the Morgan trust, the new corporation brought together the resources of several prominent and wealthy individuals and businesses. They represented investors whom Rionda had courted for some time and with whom he had spent several years building commercial alliances. Three years prior to the founding of Cuba Cane, he successfully combined Cuban investors with American capital in the Manatí Sugar Company. The foreigners included Sullivan & Cromwell, the financial house of J. & W. Seligman, Edmund Converse, head of the Bankers Trust who also held a position on the Executive Committee of U.S. Steel, Monsieur Hartjes of Morgan, Hartjes & Co. of Paris, and Captain DeLamar, the largest stockholder in the International Nickel Company. These men would reappear in the CCSC, essentially forming a syndicate.<sup>75</sup>

The new corporation invested \$50,000,000 in the purchase of Cuban sugar mills. The amount was nearly three times the capital of the Cuban-American Sugar Company, at the time the largest U.S. company in the Cuban sugar industry. The investment money was raised by selling securities for the amount on the stock market, 500,000 shares of 7% cumulative preferred stock. On Wall Street, J. P. Morgan & Co. played a crucial role in the entire organization as the share underwriters along with J. & W. Seligman as syndicate manager. Meanwhile, in Cuba, Czarnikow-Rionda and its close associates managed and directed the corporation's activities. The new giant was created on

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<sup>73</sup> McAvoy-Weissman, Chp. 9; Jenks, 179.

<sup>74</sup> Van Ness, "Guide."

<sup>75</sup> McAvoy-Weissman, Chp. 6; Van Ness, "Guide"; Jenks, 179-180.

December 31, 1915, and the day after, Rionda left for Havana to oversee the final decisions on purchases and to begin operation of the CCSC.<sup>76</sup>

All in all, Cuba Cane bought eighteen sugar mills, acquiring them in one month.<sup>77</sup> The purchases, totaling \$45,270,000, comprised not only the sugar mills and canefields but also "machine shops, stores, workmen's houses, offices, residences for the managers, cane carts, oxen and about 369 miles of railway, together with 83 locomotives and 2,234 cane cars" along with all the sugar being harvested.<sup>78</sup> In Cuba, the Cuba Trading Company functioned as the corporation's purchasing agent, and Czarnikow-Rionda handled all the sugar from the newly acquired mills.<sup>79</sup>

The last sale closed on February 11, 1916, and about a month later, on March 15, the last share of common stock of the CCSC was sold. That day, the Wall Street Journal reported:

No new industry was ever introduced into Wall Street with as solid an investment foundation under it as that which entered last year under the name of the Cuba Cane Sugar Corporation.

Never before in an industrial flotation were the leading technical talent and the leading investment talent combined upon the buying side. . . . The financial men who went into this enterprise under the leadership of Manuel Rionda were not promoters underwriting an enterprise upon prospects for disposing of the same investors on a rising market. They were the absolute buyers of the properties and put in their \$50,000,000 in cold cash, of which

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<sup>76</sup> McAvoy-Weissman, Chp. 6; Jenks, 180.

<sup>77</sup> The Cuba Cane Sugar Corporation later sold one of the eighteen mills that it initially had not intended to purchase but had bought as part of a sale's agreement. Carl Van Ness, conversation, University of Florida, September 9, 1997.

<sup>78</sup> McAvoy-Weissman, Chp. 9, p. 14.

<sup>79</sup> Jenks, 180; McAvoy-Weissman, Chp. 9.

\$7,000,000 was for working capital and \$43,000,000 was for the purchase of going plantations. . . .<sup>80</sup>

The Wall Street Journal's admiration of Cuban Cane reflected the fact that giant operations were not the norm in Cuba. In 1915, a total of 183 *centrales* were operating on the island. Of these, only eight had the capacity to produce at least 300,000 bags of sugar. The remaining 175 *centrales* accounted for 73% of Cuba's total sugar output, and of these, only eleven had the capability to produce at least 200,000 bags.<sup>81</sup> The Cuban sugar industry still belonged to individually owned mills, not to foreign corporations.<sup>82</sup> Yet this was changing, as Cuba Cane demonstrated in buying essentially Cuban owned and Cuban managed estates.<sup>83</sup>

Central San Vicente was one component in Manuel Rionda's extensive empire. He essentially functioned as the mill's link to brokerage firms in New York and London, to foreign refineries, and to the governments of Cuba and the United States. Within this setting, San Vicente experienced two of the most consequential events in the history of the Cuban sugar industry during the first half of the twentieth century: World War I and the Great Depression. For Cuba, the era of economic hardship that was experienced worldwide after 1929 actually began earlier in the decade. The war and the economic crises of the 1920s and 1930s affected Cuba in markedly different manners. The first event brought a time of economic prosperity, while the latter signaled an era of limited resources and economic contraction. Each, however, impacted the sugar industry

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<sup>80</sup> The Wall Street Journal, March 15, 1916.

<sup>81</sup> Figures taken from McAvoy-Weissman, Chp. 9.

<sup>82</sup> For figures on sugar mills in Cuba based on the nationality of owners in 1915, see Schroeder, 258.

<sup>83</sup> Jenks, 180.

through the changes it caused in the world price of sugar and thus also affected the relationship between mill and cane farmer. Central San Vicente illustrates several of the nuances contained in Cuban history as pertains to *central-colono* relations during the first half of the twentieth century.

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### CHAPTER 3 CENTRAL SAN VICENTE DURING WORLD WAR I

On the day Germany declared war on Russia, the correspondent in Cuba for The Louisiana Planter reported, "In Havana there is ample evidence that warlike preparations are going on in Europe as the harbor is full of fighting ships of half a dozen nationalities, these vessels having come here within the past few days for coal and for orders from their respective governments."<sup>1</sup> It was quite fitting that, in Havana, the day which marked the start of the war that ushered in a sugar boom for Cuba was characterized by bustling port activity. The ships came to Cuba primarily for sugar. While European customers canceled their contracts for tobacco products, causing some factories on the island to curtail output and others to close, the prospects for the sugar industry were promising.<sup>2</sup> Higher prices were anticipated. Although World War I disrupted the transatlantic flow of capital and the shipment of goods, the war also produced an increase in the demand for Cuban sugar and a subsequent increase in its price.

On Central San Vicente, the war years were a period of expansion and procurement, with the ever present, but now more vital, purpose of obtaining cane. With

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<sup>1</sup> "News Letter From Our Havana Office," The Louisiana Planter and Sugar Manufacturer, August 8, 1914, 87.

<sup>2</sup> The Louisiana Planter reports that five to six thousand workmen from tobacco factories were laid off on August 1, 1914, as a result of factory closures. See "News Letter From Our Havana Office," August 8, 1914, 87.



the demand and price for Cuban sugar on the rise, no *central* wanted to forego the opportunity of producing and selling large quantities of sugar. The favorable market condition represented a chance at maximizing profits. To ensure the utmost gain, the mill required access to even greater amounts of cane from *colonos*. As manager of San Vicente during World War I, Plácido Alonso would experience the impact of the war on the estate, and he—himself— would play a role in the changes that took place there.

### Central-Colono Relations

#### Before World War I

Alonso arrived at the plantation from Havana in 1907. He was optimistic about the estate, describing its location as a good area that should be exploited, and he set out to accomplish his tasks as mill manager.<sup>3</sup> His new position within the vast Rionda sugar empire required him to closely follow the instructions of *Tío Manuel*, as the sugar magnate was affectionately known. Among his other duties, Alonso had to inform Rionda on the mill's condition and progress through daily correspondence. Thus, the manager kept track of his own work and the every day activities of the *central* over the course of eleven years.

Alonso's work began with his first instructions—to prepare the mill for operation, begin negotiations with the *colonos*, and extend the mill's railroad lines. The year before Alonso's arrival, San Vicente had contracts with seventy *colonos* and had obtained a total of four million *arrobas* of cane.<sup>4</sup> The manager needed to increase that amount for the

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<sup>3</sup> BBC, Series 14, vol. 2, Plácido Alonso to Pedro Alonso, August 18, 1907.

<sup>4</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, November 14, 1907.

upcoming harvest if he was going to make the mill a success. He began meeting with *colonos* at the same time that he began dismantling the old machinery. Alonso described the farmers he met as being "*algo fuertes*," or "somewhat strong," based on the amount of cane they claimed to have. Nevertheless, the manager felt he would have no problems in obtaining letters of contract from them stipulating a price of 6 to 6¾ *arrobas* for every one 100 *arrobas* of cane.<sup>5</sup> The rate would vary depending on the specific terms of each contract negotiated with each *colono*. For instance, the manager paid Juan Domingo Larrea, a *colono* of the mill, more for his cane than the other farmers of the *central* because it did not have to provide him with machinery.<sup>6</sup>

Larrea was able to obtain a better price essentially because he was less dependent on the mill than his peers. In the case of San Vicente, Larrea's example illustrates one aspect of the deals worked out between the *central* and the *colono*. Each employed the negotiating tools he had to his advantage. For the *colono*, it was the quality and amount of his cane; the farming resources he had; the size of his *colonia*; and his relative wealth. For the *central*, it was, obvious and foremost, the mill, which turned the cane into profit; its capital resources; and success in business. A successful mill that sold all its sugar at a good price and was able to purchase new machinery and implement its use effectively was more attractive to *colonos*, since their livelihood depended on the sale of their cane. In general, the more sugar a *central* could sell, the more cane it purchased. In turn, the greater amount of cane it bought, the better the *colono* fared. Furthermore, Larrea's example illustrates the complexity of classifying cane farmers. He grew cane on land

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<sup>5</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, June 28, 1907.

<sup>6</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, November 14, 1907.

that he rented from San Vicente. Thus, he was a *colono* of the *central*—and was listed as such in mill records. Therefore, according to the widely accepted claim that is made about farmers of the mill, he should not have been able to negotiate a higher price for his cane. Nevertheless, he did.

### Competition Among Mills

For Plácido Alonso, working in the cane heartland of Cuba, his dealings with *colonos* were also a function of the plentiful number of *centrales* in the area and the relatively large number of independent *colonos*. Cane farmers used the competitive environment to their advantage as best they could to obtain higher cane prices. They knew that they had some degree of control, or bargaining power, as the producers of a product that was in much demand.

During the first month of his first grinding at San Vicente, Alonso quickly discovered the meaning of being in a competitive environment. *Colonos* could not be counted on, and he must “tie them down,” he claimed to Rionda.<sup>7</sup> Some with whom he had made agreements had decided—even at the moment that grinding was underway—to take their cane elsewhere. A better price was awaiting them at another *central*.

Better prices were also awaiting *colonos* for the next harvest. Within two months of complaining about their unreliability, Alonso had to start negotiating anew with the cane farmers. He noted that there was much competition among the sugar mills and thus could not even consider offering less than 6 *arrobas*, as Tío Manuel desired. Three other

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<sup>7</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, February 2, 1908. Translated by B. Fraga

mills in the area, including Nueva Luisa, San Vicente's primary rival, were offering *colonos* from  $6\frac{3}{4}$  *arrobas* to 7 *arrobas*. Alonso would rely on his established business relationships and negotiate contracts quickly so that the *colonos* and their cane would not go elsewhere.<sup>8</sup> To do this, it was imperative that he have money readily available so that he could offer cash advances to the cane farmers. Alonso requested between \$15,000 and \$20,000 from Rionda, claiming that this amount, properly distributed at the right time, would secure much cane for San Vicente. "At the right time" meant when the *colonos* were without cane—that is, with nothing to sell—and, thereby, in a relatively difficult financial situation.<sup>9</sup>

Alonso realized that with the *central's* capital resources, which in general were superior to those of any *colono*, agreements with cane farmers were best arranged when they were low on money. Therefore, he had to wait until they were no longer in a positive financial situation, but instead were needy for cash, to lock in the good deals.<sup>10</sup> Alonso considered "locking the *colono* in," or "*trancarlo*," along with "*amarrar*," "tying up," as part of the special politics of dealing with *colonos*.<sup>11</sup> For their part, the *colonos* often employed a wait-and-see approach when negotiating with the mill, observing and judging their neighbor's outcome from an agreement made with the *central*.<sup>12</sup> These particular maneuvers that characterized the cane buying business also included the

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<sup>8</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, April 16, 1908.

<sup>9</sup> Ibid., May 1, 1908.

<sup>10</sup> Ibid., July 12, 1910.

<sup>11</sup> Ibid., May 12, 1908 and May 1, 1910. Translated by B. Fraga

<sup>12</sup> Ibid., July 28, 1907.

*colonos*' cane reports, in which Alonso believed cane farmers exaggerated the amount of cane they actually had in order to work out a better deal.<sup>13</sup>

In some instances, the *colonos* played *centrales* against one another, knowing that each mill kept a close watch on the other. The Riondas' purchase of San Vicente worried many of the other *centrales* in the area, fearing that with the new capital that Rionda represented, San Vicente would expand and drive the other mills out of the industry. Rionda instructed Alonso to spread the word that they did "not want to become a colossus."<sup>14</sup> Rionda hoped that this would placate the *centrales*' fears of one another. San Vicente's rivals did in fact have reason to worry, as Rionda had also expressed to his manager the desire that their mill have all the cane in the district.<sup>15</sup> Naturally, Rionda and Alonso did not inform their rivals of their plans. Instead, the *colonos* did. They informed rival mills on the business deals that their *corrivals* were offering and transacting.<sup>16</sup>

In seeking the greatest amount of cane, San Vicente needed to attract the big *colonos* of the area. Again, Central Nueva Luisa was San Vicente's primary rival. That *central* was offering the highest prices for cane and, in so doing, was attracting many farmers. If before Alonso could not even consider offering less than 6 *arrobas*, in the summer of 1908, he had no choice but to pay 6½ *arrobas*, especially to those *colonos*

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<sup>13</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, January 7, 1908.

<sup>14</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, July 29, 1908. Translated by B. Fraga

<sup>15</sup> San Vicente's competition was in the form of five *centrales*: Nueva Luisa, Cuba, Unión, Progreso, and Olimpo.

<sup>16</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, July 29, 1908.

who were declining offers from San Vicente to take advantage of contracts with Nueva Luisa.<sup>17</sup>

Nueva Luisa was frustrating San Vicente's efforts to make contracts with the main cane growers of the area, and Rionda was made aware of this situation. He instructed Alonso to bid higher for the cane belonging to a *colono* by the last name of Vergara, who would remain one the most sought after *colonos* in the area for several years.<sup>18</sup> Other independent cane farmers, besides Vergara, also had much leverage in their negotiations with mills in the area. Alonso had to accept a contract with Pedro Arenal on the latter's terms, claiming that he had no choice "but to accept the conditions of he [Arenal] who can impose them, or be left without those canes, as would have been the case had the contract not been made."<sup>19</sup>

San Vicente was not alone in its competition with Nueva Luisa. A mutual distrust, or perception of a business threat, existed between Central Aire and Nueva Luisa.<sup>20</sup> If San Vicente was worried about losing *colonos* to its primary rival, Aire was in particular danger of being crowded out from the industry as a result of Nueva Luisa's efforts in obtaining cane.<sup>21</sup> Rionda felt that Alonso had to prevent this from happening. He reasoned that in the long run it was better for the *colonos* and for San Vicente that all mills remain. If Nueva Luisa succeeded in locking a sizable number of *colonos* in

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<sup>17</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, Jul 4, 1908.

<sup>18</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, August 4, 1908.

<sup>19</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, October 11, 1908. Translated by B. Fraga

<sup>20</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, July 29, 1908.

<sup>21</sup> Ibid., August 4, 1908.

contracts, thus forcing Aire out of the industry, Nueva Luisa would be able to push cane prices down.<sup>22</sup> Although lower prices benefited San Vicente, they were no good if it did not have access to the crop, which would be the case if Nueva Luisa succeeded in having a virtual monopoly on the cane of the district.

Rionda instructed Alonso to persuade the *colonos* not to sell to Nueva Luisa and to explain to them that it was not in their best interest to do so because they would then be tied to that *central*. Basically, they would be at the mercy of Nueva Luisa if they sold their product almost exclusively to that *central*. Rionda also told Alonso to spread the word that Aire's production capacity was not that high—essentially that it was not a threat. In the end, according to Rionda, if any *central* should be viewed as a threat, it should be Nueva Luisa. He suggested that Alonso make Nueva Luisa out to be the common enemy of San Vicente and the *colonos*.<sup>23</sup>

Central San Vicente was also worried about Nueva Luisa's plan to build a railroad line in its direction to access more cane. If built, the proposed rail line would cut off San Vicente from the majority of its cane.<sup>24</sup> Alonso attempted to block Nueva Luisa in its project on two fronts: in Cuba and in London. As expected, he wrote Rionda to inform him of the "trouble" that Nueva Luisa was causing. In addition, he wrote a formal letter to the Cuban Commercial and Industrial Company, San Vicente's holding company headquartered in Rionda's office building in New York. He petitioned them to request that C. Czarnikow, Ltd., in London, take action to thwart Nueva Luisa's plan. In

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<sup>22</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, August 4, 1908.

<sup>23</sup> BBC, Series 2, vol. 23, Manuel Rionda to Plácido Alonso, August 4, 1908.

<sup>24</sup> BBC, Series 14, vol. 2. Plácido Alonso to Manuel Rionda, July 14, 1908.

Cuba, he negotiated with Lorenzo de Ibarra, an independent *colono*, to persuade him not to allow the proposed rail line to pass through his property. Nueva Luisa's rail project benefited Ibarra in two ways. On the one hand, if it were constructed, his property would appreciate in value, and on the other hand, it gave him greater leverage in negotiating with San Vicente.<sup>25</sup> Ibarra made use of this opportunity and submitted a proposition to Alonso.<sup>26</sup>

Of the two general types of cane farmers, independent *colonos* were in a position to move freely within the *colonato* and thus were able to take advantage of the competition among mills. Nevertheless, *colonos* who did not own their land outright also benefited, although to a lesser extent. Within this group, *arrendatarios* (renters) also enjoyed relatively unhindered movement. The term *arrendatario* usually referred to the farmer who paid his rent in cash and was not confined to selling his cane exclusively to one *central*. As regards *colonos de la finca*, more than once within a two year period, Alonso paid them more than the price they had agreed to in the contract.<sup>27</sup> Alonso claimed that giving them a higher price had a positive effect on both the dependent and independent *colonos*.<sup>28</sup> In effect, it was a good public relations tactic and, therefore, good for business. Rionda agreed and actually encouraged Alonso to ensure that the

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<sup>25</sup> BBC, Series 14, vol. 2. Plácido Alonso to Manuel Rionda, July 10, 1908; Ibid., July 19, 1908; Ibid., July 23, 1908; BBC, Series 2, vol. 23, Plácido Alonso to the Cuban Commercial and Industrial Co., July 1908, 174.

<sup>26</sup> BBC, Series 14, vol. 2, Plácido Alonso to Manuel Rionda, October 6, 1908.

<sup>27</sup> Ibid., June 29, 1910; Ibid., July 31, 1912. In 1910 and 1912, Alonso paid San Vicente's *colonos del central* a  $\frac{1}{4}$  of an *arroba* more for their cane. The base price in 1910, for their cane was  $5 \frac{3}{4}$ , while in 1912, it was  $6 \frac{1}{2}$ .

<sup>28</sup> BBC, Series 14, vol. 2, June 29, 1910.



*colonos* were content and satisfied.<sup>29</sup> He advised his mill manager to go out into the countryside and become more acquainted with the land and with the *colonos*, highlighting the importance of building a rapport with them and even becoming popular among them.<sup>30</sup> Competition among *centrales* necessitated this.

In their efforts to please *colonos*, Alonso and Rionda often made concessions to them, waiving certain costs from time to time at the mill's expense. For example, in signing a contract with Roberto Bannatyne, a *colono de afuera*, Alonso agreed that San Vicente would pay the 5,000 in Spanish gold he owed to a warehouse in the port of Matanzas. Alonso assured Rionda that he would keep a close watch on Bannatyne and that he would have a lawyer in Havana look over the contract, claiming "the law always protected those who were tied too tightly, setting them free in the end."<sup>31</sup>

In another instance, with two *colonos del central*, San Vicente paid the cost that traditionally and according to the contract was borne by the cane farmer. In his response to Alonso's complaint on the matter, Rionda wrote, "I would not, for the sake of a few thousand dollars, have them grumbling and going on about how we treat them

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<sup>29</sup> BBC, Series 2, vol. 34, Manuel Rionda to Plácido Alonso, November 28, 1913. Rionda reveals his concern on several occasions that San Vicente maintain good relations with *colonos*.

<sup>30</sup> BBC, Series 2, vol. 22, Manuel Rionda to Plácido Alonso, April 10, 1908.

<sup>31</sup> In justifying the contract, Alonso claimed that Bannatyne was a hard worker who was planting new fields and needed some help, which San Vicente should offer thereby ensuring that he grew an abundant amount of cane. See BBC, Series 1, Box 1, Folder title: Alonso, Plácido 1914-1915, Plácido Alonso to Manuel Rionda, June 22, 1914. Translated by B. Fraga. In reference to Spanish gold, the use of the term "*oro español*" is found throughout the archive. On Spanish gold, see Wallich and Thomas Lismore, *Las Monedas de Cuba (1860-1953)* (La Habana: Editorial LEX, 1955). In their respective works, Wallich and Lismore do not specifically mention Spanish gold among the three different types of currencies circulating in Cuba prior to 1914. Both, however, report that various Spanish and French silver coins were used. In a list of values for the different currencies in 1914, Lismore includes "Spanish twenty-five peseta gold pieces" as one of the currencies. It was equivalent to 5.34 Spanish silver dollars then. See *Las Monedas de Cuba*, 63.

unfairly."<sup>32</sup> Both Alonso and Rionda sought other ways in which to also gain the cooperation of *colonos*, such as acquiring more land with the idea of giving it to *colonos* they knew well in order to both satisfy them and have more cane for San Vicente.<sup>33</sup>

Competition among mills for cane characterized the relationship between mill and farmer in Matanzas before World War I and would continue to do so throughout the war. This feature was associated with landownership. Rivalry for land had preceded and led to the rivalry for cane. As such, land tenure represented another dimension in *colono-central* relations.

### Land Tenure

Despite the seeming inability to obtain cane at prices he desired due to competition, Alonso was successful in developing Central San Vicente as a prosperous mill. San Vicente increased its sugar production by 37% between its first and fourth harvests.<sup>34</sup> This expansion in output was a result of its improved grinding efficiency and ability to access more cane. Within his first year as manager, Alonso increased the number of *colonos* who supplied cane to San Vicente from seventy to over a hundred.<sup>35</sup> Thus, as one might expect, the quantity of cane ground by the *central* also increased.<sup>36</sup> In

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<sup>32</sup> BBC, Series 2, vol. 33, Manuel Rionda to Plácido Alonso, November 14, 1913. The two *colonos* in question are Juan Larrea and Manuel Rubio.

<sup>33</sup> BBC, Series 14, vol. 3, Plácido Alonso to Manuel Rionda, September 21, 1911.

<sup>34</sup> BBC, Series 14, vol. 3, Plácido Alonso to Manuel Rionda, May 1, 1910.

<sup>35</sup> Ibid., November 14, 1907.

<sup>36</sup> Ibid., May 1, 1910.

securing additional cane, the *central* inevitably entered into a complex web of relations with *colonos* characterized by a convoluted landholding situation.

San Vicente was not unique in this regard. By the early twentieth century, land tenure had become an intricate matter throughout the western provinces of Cuba.<sup>37</sup> The reasons, however, are rooted in the previous century. As before discussed, the presence of many individual landholdings with their mill, or *ingenio*, characterized this region prior to the Ten Years' War. The *centrales* and *colonias* of the early twentieth century emerged from these *ingenios* as a result of the reorganization of the sugar industry following the conflict.

The greater concentration of both *centrales* and independent *colonos* in the west, as compared to the east, gave rise to the complicated nature of land tenure that San Vicente experienced.<sup>38</sup> Initially, *centrales* were limited in size by the ox cart, then, after the advent of cheaper rails, by a neighboring *central* or *colonia*. Consequently, as *centrales* began to expand in size, they came into competition with one another for cane land. Once this resource became scarce, rivalry among the sugar mills centered on obtaining cane from the *colonos*. Because of this competition, some farmers—those with greater resources—were able to profit considerably, and they too acquired land.

According to Laird Bergad, in about 1890, in Matanzas, "more than 60 percent of all *colonos* worked tracts of land less than five *caballerías* in extension, but controlled a mere 8.9 percent of the 14,004 *caballerías* in the hands of *colonos*." On the contrary, 7.9% of the cane farmers owned over forty *caballerías*, which "accounted for 52.7

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<sup>37</sup> Lauriault, 366.

<sup>38</sup> Ibid.

percent of all *colono* land".<sup>39</sup> Although Bergad is unclear on whether or not he is discussing only landowning *colonos*, it is obvious from his report that within the classification of *colonos*, there existed much disparity by the end of the nineteenth century. The diversity among cane farmers continued into the twentieth century, so that when Plácido Alonso began negotiating with *colonos* as mill manager the dissimilarities in their respective circumstances became apparent in the terms of agreement.

Under Alonso's management, San Vicente obtained its cane from different arrangements with *colonos*. Some of the farmers were strictly either independent *colonos* or dependent *colonos*, while others had both their own properties and rented additional land from San Vicente, and still others farmed land that San Vicente, itself, rented. In some instances, the land the *central* leased actually belonged to *colonos*. Furthermore, some *colonos* rented property to fellow cane farmers.<sup>40</sup> The First World War and the drive it spurred to obtain more cane land and extend rail lines accentuated the existing complexity of land tenure in western Cuba. Before the war, during Alonso's first years at the mill, Central San Vicente owned approximately 101 *caballerías* of land. Of these, 65 *caballerías* belonged to San Vicente proper. The remaining amount was listed as part of the *finca* Gratiud. In addition, the mill controlled 59 *caballerías* in the form of the *fincas* Sandoval and Toscano.<sup>41</sup>

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<sup>39</sup> Laird Bergad, Cuban Rural Society in the 19<sup>th</sup> Century: The Social and Economic History of Monoculture in Matanzas (Princeton: Princeton UP, 1990), 278.

<sup>40</sup> Records from Series 14 and 10 of the BBC reveal that this was the case.

<sup>41</sup> Information taken from BBC, Series 14, vol. 4.

The case of Gritud specifically illustrates the intricate nature and relative fluidity that characterized land tenure in Matanzas. Measuring thirty-six *caballerías*, Gritud belonged directly to San Vicente prior to World War I. By 1915, however, after a sequence of negotiations, San Vicente lost ownership of the *finca* and became its tenant. During the summer of 1911, as sugar prices rose on the New York stock market, Alonso was busy in planning the extension of the mill's railroad lines. In order to access a certain group of *colonias*, a new line would have to be laid, in which case the tracks would have to pass through the *finca* Rolando belonging to José Lezama and Juan Larrea. The two had acquired that property by inheritance. Lezama was the owner of five plantations in Matanzas, and Larrea was a *colono* who farmed land belonging to San Vicente.<sup>42</sup> In addition to Rolando, Lezama owned Carambola, a property he had bought in 1910, for \$35,000.<sup>43</sup>

At the time of purchase, Carambola was being leased to Alfredo Fernández, the owner of nearby Central Soledad.<sup>44</sup> Fernández's lease would expire at the end of one more year, and although he wanted to continue renting Carambola, Lezama actually desired that San Vicente lease the *finca*. Alonso claimed that the property was not worth renting. He had made his opinion clear to Rionda previously when he wrote that Carambola was overvalued at the price of \$35,000.<sup>45</sup> Nevertheless, for the sake of the

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<sup>42</sup> In her work, McAvoy-Weissman writes that Lezama owned four plantations in Matanzas. See Chp. 11, p. 12. Alonso makes reference to another mill that Lezama owned. See BBC, Series 14, vol. 6, Plácido Alonso to Manuel Rionda, June 19, 1917.

<sup>43</sup> BBC, Series 14, vol. 4, Plácido Alonso to Manuel Rionda, July 2, 1911 and October 1, 1910.

<sup>44</sup> Alonso wrote that Fernández still had two years left in his contract when Lezama purchased Carambola in the fall of 1910. See *ibid.*, October 1, 1910.

<sup>45</sup> BBC, Series 14, vol. 4, Plácido Alonso to Manuel Rionda, October 1, 1910.

proposed rail line, leasing Carambola would probably be worthwhile. Alonso felt he could work a deal with Lezama that would be to San Vicente's advantage, yet that which actually transpired was an arrangement in Lezama's favor.<sup>46</sup>

Lezama and Larrea negotiated jointly as co-inheritors with San Vicente. In his letter to Rionda on the their proposition, Alonso initially rejected it. Yet, he made it clear that he did not care to "fight" the two on the matter and that he would carry out the decision that Rionda gave.<sup>47</sup> In the contract between the two parties, the mill agreed to lease Carambola from Lezama for the same amount that it agreed to rent him Gritud, which Larrea farmed by contract with San Vicente. Essentially, the two estates, San Vicente and Rolando, traded *fincas*, and for the sake of legality, wrote the exchange as a property lease agreement. In addition, the contract stipulated that San Vicente had to pay Lezama \$1,000 annually for the passage of its railroad line through Rolando.<sup>48</sup> Finally, the *central* would have to also purchase Rolando's cane at seven *arrobas*—a high price for cane. Nonetheless, since San Vicente desired to hold on to Gritud, the *central* actually ended up renting it back from Lezama through another deal.<sup>49</sup> In later discussing Rolando, Alonso would claim that Lezama purposely acquired that property with the premeditated idea to do San Vicente the greatest harm possible.<sup>50</sup>

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<sup>46</sup> BBC, Series 14, vol. 4, Plácido Alonso to Manuel Rionda, July 2, 1911.

<sup>47</sup> Ibid. Translated by B. Fraga

<sup>48</sup> Contract found in BBC, Series 14, vol. 4, p. 40.

<sup>49</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, October 14, 1915.

<sup>50</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, 14 October 1915. Later documents reveal that Lorenzo Ibarra, a *colono*, was the proprietor of Gritud and Aguas Nuevas during the 1920s. San Vicente paid him for leasing the two *fincas*.

Despite the loss of direct ownership over Gracitud, San Vicente would own a total of 125 *caballerías* by 1916-17. The mill had begun to acquire additional land after the start of the war. The *central* itself continued to measure 65 *caballerías*. To the *central's* domain, Alonso added the *finca* Toscano, with its 32 *caballerías*, and Gay, measuring 28 *caballerías*. In addition, the mill rented 107 *caballerías* and was negotiating the acquisition of another *finca*, Herrera, comprising 64 *caballerías*. The land San Vicente now rented was in the form of four separate properties, or *fincas*, Gracitud, Aguas Nuevas, Sandoval, and Panchita.<sup>51</sup> As a result of the acquisitions made during the war, San Vicente owned and controlled more land than before 1914.<sup>52</sup>

San Vicente obtained the majority of its cane from land that it owned and rented. However, in the four-year period before the war, the percentage of cane supplied to the mill from lands outside its control increased dramatically. In 1911, 18.71% of its cane came from farmers other than *colonos del central*. That figure increased to 39.78% in 1913 and to 42.6% in 1914, just before the war. At the same time, San Vicente's production capacity increased, which stimulated a rise in the mill's demand for cane. Unable to obtain sufficient amounts of cane from lands it controlled, San Vicente relied more and more on *colonos de afuera*. Some of these owned the lands they farmed, while some rented their properties from other cane farmers or from a party other than the mill.

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<sup>51</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, Jun 18, 1916 and Jun 10, 1917.

<sup>52</sup> According to the 1922 Annual Report, San Vicente owned 65 *cabs.* between 1911-12 - 1914-15, which corresponds to the loss of Gracitud in 1911. That figure increased to 97 *cabs.* in 1915-16 and to 125 *cabs.* in 1916-17. Original figures given in acres. See BBC, Series 10, Box 91, Folder title: Compañía San Vicente, working papers of Manuel Rionda.

San Vicente's increasing dependence on *colonos de afuera* for its cane testifies to the competitive environment about which the mill manager constantly wrote in his reports.<sup>53</sup>

#### World War I: High Prices and Expansion

The direct impact of the war on the Cuban sugar industry was the increase in the commodity's price. From this effect, stemmed almost all the other outcomes produced in Cuba during the conflict. The higher price of sugar enriched both *central* owners and *colonos*. "Colonos became almost as rich as mill owners," claims Hugh Thomas, adding, "Many successfully cleared their debts to the mills—though as often running into greater obligations through receiving advances to plant a larger crop next year."<sup>54</sup> The Cuban sugar industry's income rose from \$163,400,000 in 1914, to \$347,100,000 in 1918. In the five years previous to the war, the average had been \$109,980,00—less than one third of both the 1917 and 1918 figures.<sup>55</sup>

The higher price of sugar also enriched the Cuban state. Although the government's expenditures had been increasing, the treasury accumulated \$8,000,000 in surplus during 1916-1917.<sup>56</sup> In addition, the increased price and the promise of greater profits lured new foreign capital investments, such as the Cuba Cane Sugar Corporation,

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<sup>53</sup> Percentages calculated from figures given by Plácido Alonso in his letterbooks, BBC, Series 14. As regards administration farming, the only mention found in San Vicente's records pertains to *finca* Herrera. In his letter describing the property at the time of its acquisition by the Riondas, Alonso wrote that of the one million *arrobas* of cane it had, between 400,000 to 450,000 *arrobas* were "*por administración*." See BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, May 25, 1917.

<sup>54</sup> Thomas, 540.

<sup>55</sup> Figures taken from Schroeder, 259.

<sup>56</sup> Jenks, 184.



to the island, especially to the eastern portion. By 1918, Cuba Cane was the largest sugar enterprise in the world.<sup>57</sup> Although it did not establish any new *centrales*, the corporation was involved in the reconstruction and upgrade of existing mills. Thirty-nine mills had been rebuilt, newly erected, or were being installed throughout the island by 1918. In the first year of the war three new *centrales* were founded in eastern Cuba. A year later, twelve new mills were added in that region. Between 1907 and 1919, a total of twenty-one new mills were constructed in Oriente.<sup>58</sup>

At San Vicente, in the west, during approximately the same time period, over \$700,000 had been spent, and over a hundred *caballerías* had been cleared. Eighty percent of its cane grew on land that was not in cultivation prior to 1906. The mill's production capacity was increased to 125,000 bags and it had access to over 12,000,000 *arrobas* of cane.<sup>59</sup> World War I brought no major changes to *central-colono* relations on San Vicente. Competition for cane continued, and the intricate nature of land tenure remained intact. The war, however, intensified these factors distinctive to sugar production in western Cuba.

On August 4, 1914, Rionda wrote to Regino Truffin, a business partner, that while it was true that the war was increasing the price of sugar, it was also interrupting financial operations. Nevertheless, if the war continued, it was only natural to expect higher prices for the upcoming harvest.<sup>60</sup> Rionda's primary worry regarding the sugar

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<sup>57</sup> Thomas, 538.

<sup>58</sup> Ibid., 538-539.

<sup>59</sup> BBC, Series 2, vol. 38, Manuel Rionda to Walter Ogilvie, August 20, 1915.

<sup>60</sup> BBC, Series 2, vol. 35, Manuel Rionda to Regino Truffin, August 4, 1914.

industry at the outbreak of the war was the question of financing the Cuban crop. To Victor Zevallos in charge of the Cuban Trading Company in Havana, Rionda wrote, "I am afraid if the European war should spread, it will result in the curtailment of credits."<sup>61</sup> Cuba needed \$30,000,000 from Europe to finance its upcoming harvest, and it seemed as if the island would be left alone to cover that amount.<sup>62</sup> Nevertheless, while preaching caution to his "boys" in Cuba, Rionda also made plans and gave instructions to expand. After all, prices were high, and as long as they refrained from reckless speculation, the Riondas and their associates could do well in the current situation.<sup>63</sup>

Rionda instructed Zevallos to buy more rails for San Vicente if the *central* required them. San Vicente did in fact require additional rails. The year the war started, the *central* built a railroad line northward to access cane that had previously been arriving to the mill in ox carts. It was too expensive for *colonos* to cultivate in that area without an efficient method to transport their cane. In 1915, the Riondas discovered that San Vicente needed to extend its railroad to the town of Contreras to connect with the main line belonging to United Railways in order to increase its output. Doing so, would give the mill access to new lands that had begun cultivating cane.<sup>64</sup> The mill expanded

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<sup>61</sup> BBC, Series 2, vol. 35, Manuel Rionda to Victor Zevallos, July 30, 1914.

<sup>62</sup> BBC, Series 2, vol. 35, Manuel Rionda to Victor Zevallos, August 3, 1914.

<sup>63</sup> On Rionda's business conservatism, see *ibid.*, August 5, 1914. Credit did arrive from Europe to cover the upcoming harvest the end of August 1914. See McAvoy-Weissman, Chp. 8, p. 4.

<sup>64</sup> BBC, Series 2, vol. 38, Manuel Rionda to Walter Ogilvie, August 20, 1915.

its railroad lines from 6.21 miles in 1913-14 to 11.5 miles in 1914-15, 16.76 in 1916-17, and 17.4 in 1917-18.<sup>65</sup>

The conflict was having a positive impact on San Vicente. The mill did especially well during the harvest of 1914-15. During the war, it had attained its largest profit (\$319,176.36) and had produced its greatest quantity of bags (97,584) at the end of the 1915 crop.<sup>66</sup> Rionda praised Alonso for a job well done despite competition from rival *centrales* Nueva Luisa and Olimpo.<sup>67</sup> "Now everyone wonders at [its] success," remarked *Tío Manuel* about San Vicente to his nephew José Rionda.<sup>68</sup> In spite of Alonso's accomplishment, Rionda wanted him to continue expanding northward where there was less competition, which during the war was also largely in the sale of land.<sup>69</sup> Several properties were now being sought and offered for sale and rent. Alonso was kept occupied with determining which ones to acquire.<sup>70</sup>

San Vicente decided to buy the *finca* Gay, which it had been renting, after Alonso became aware that a third party wished to purchase the property. Alonso felt that after having invested in developing the property, they could not afford to lose it to someone

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<sup>65</sup> BBC, Series 10, Box 91, Folder title: *Compañía San Vicente*, working papers of Manuel Rionda, Annual Report for the fiscal year ending June 30, 1922.

<sup>66</sup> *Ibid.*

<sup>67</sup> BBC, Series 2, vol. 38, Manuel Rionda to Plácido Alonso, August 20, 1915.

<sup>68</sup> BBC, Series 2, vol. 38, Manuel Rionda to José Rionda, July 26, 1915.

<sup>69</sup> BBC, Series 2, vol. 40, Manuel Rionda to Plácido Alonso, May 29, 1916.

<sup>70</sup> Alonso, like Rionda's other nephews, was also engaged in the establishment of the Cuba Cane Sugar Corporation. He was instructed to search for properties that the CCSC could also purchase. For his work, he was rewarded with 75 shares in the new corporation. See BBC, Series 14, vol. 6, Plácido Alonso to Manuel Rionda, July 6, 1916 and August 3, 1916.

else, especially now that Cuban sugar was in high demand.<sup>71</sup> He turned down the acquisition of San Juan de Peraza because he felt its price was too high.<sup>72</sup> Whether or not Alonso entered in negotiations for a property, he kept a close watch on the buying and selling of properties in the area to determine the degree of competition they could expect.<sup>73</sup>

A high price did not keep San Vicente from acquiring the *finca* Herrera. In 1917, San Vicente decided to take an eight-year lease on Herrera for \$35,000 with an annual interest of seven percent. Six years before, however, Alonso had terminated negotiations for that property because he felt its owners were asking too much in wanting between \$16,000 and \$17,000 for the property. Measuring sixty-four *caballerías*, the property had approximately one million *arrobas* of cane, of which between 400,000 and 450,000 were farmed through administration. The rest was grown by "*colonos pequeños*" (lesser *colonos*). The year before the contract was signed, San Vicente had obtained about 100,000 *arrobas* from this group of cane farmers. In the lease, the *colonos* on Herrera were offered an eight-year contract for cane at a price of 6¾ *arrobas* under the same conditions that applied to the *colonos* of San Vicente (*colonos de la finca*).<sup>74</sup> Before the contract was signed, Alonso was aware that many of the lesser *colonos* were going to

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<sup>71</sup> BBC, Series 14, vol. 6, Plácido Alonso to Manuel Rionda, July 27, 1916.

<sup>72</sup> Ibid.

<sup>73</sup> Ibid.

<sup>74</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, May 25, 1917.

take their cane elsewhere; however, he was certain that others would come attracted by the prospects of doing business with San Vicente.<sup>75</sup>

To attract and keep *colonos*, Alonso and Rionda continued their efforts at pleasing them. For instance, in advancing money to the *colonos* on Herrera for the dead season, San Vicente did not charge them interest.<sup>76</sup> The competitive environment within the sugar industry in western Cuba continued throughout the conflict, and for the most part, several independent cane farmers were able to use the situation to their benefit. The experience of Central Washington, one of the two Rionda estates in the province of Las Villas, also serves as an example illustrating *colono* success in negotiating higher prices during WWI.<sup>77</sup>

Rionda blamed the poor performance of Central Washington at the end of the 1914-15 harvest on the high price it paid *colonos*. A lesser reason was the poverty of the soil, as his nephew José Rionda, administrator of the estate, claimed.<sup>78</sup> For example, Pedro Alvarez, described as an important *colono* of the area, was able to obtain a higher price for his cane than the Riondas had desired. His *colonia* was important to the mill's production. Referring to this specific case in a letter to José, *Tío Manuel* expressed his particular dislike for situations in which *colonos* were in an advantageous position vis-à-

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<sup>75</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 10, 1917. The only mention of administration cane in San Vicente's records is found in the case of Herrera.

<sup>76</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, May 25, 1917.

<sup>77</sup> Central Washington was located in the western part of Las Villas.

<sup>78</sup> BBC, Series 2, vol. 38, Manuel Rionda to José Rionda, July 26, 1915.

vis the *central*.<sup>79</sup> Yet, that was an inherent feature of the industry in the western sugar producing areas.

In the summer of 1917, Alonso stated that all of San Vicente's cane farmers were being treated well and was certain that they did not have any complaints. According to him, they were helped with their needs in every way possible. The manager claimed that no other mill in the area looked after its *colonos* as well as San Vicente, and for the most part, the cane farmers were thankful.<sup>80</sup> Rionda was pleased that Alonso attended to the *colonos*, and stated that the only thing he expected from the upcoming harvest of 1917 was that they be satisfied.<sup>81</sup>

#### Labor Shortage and the Increase in Wages

The harvest of 1917 was Cuba's first harvest since declaring war on Germany. Cuba did so on April 7, 1917, a day after the United States had announced it was entering the conflict as an Allied nation. Thus, as Leland Jenks writes, "Cuba became the first nation to follow the lead of the United States in entering the war which had engulfed Europe for nearly three years . . . sugar and geography had made Cuba a participant in the World War."<sup>82</sup> Beginning in 1917, Cuba experienced the other effects of the war to a more noticeable degree. According to John Dumoulin, "The war, as a global conflict, interrupted the flow of international commerce, [creating] shortages that did not exist

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<sup>79</sup> BBC, Series 2, vol. 36, Manuel Rionda to José Rionda, May 11, 1915.

<sup>80</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 10, 1917.

<sup>81</sup> BBC, Series 14, vol. 5, Manuel Rionda to Plácido Alonso, June 6, 1917 and June 15, 1917.

<sup>82</sup> Jenks, 194.

before, . . . it could not avoid creating an inflationary tendency, perturbing the mercantile mechanisms that regulated the economy."<sup>83</sup> Just as the price of sugar increased, the cost of production did also.

For *colonos* throughout the island, that meant continuous and larger debts. After the harvest of 1915, all of San Vicente's *colonos* had cleared their debts with the mill. Yet, as noted earlier by Hugh Thomas, farmers "often [ran] into greater obligations through receiving advances to plant a large crop next year."<sup>84</sup> In 1917, some of the more prominent *colonos* with whom San Vicente had contracts were in debt—all due to having made "*ampliaciones*" (enlargements).<sup>85</sup> Lorenzo de Ibarra wrote directly to Rionda to request that he not be charged the amount he owed in interest; Rionda conceded.<sup>86</sup> Manuel Rubio was in debt for \$30,000 for the purchase of Sandoval. "Even the Larreas do not have any money left over . . . and, in those conditions, we do not have to fear them."<sup>87</sup> It seems as if the *colonos*' being in debt was a paradox for San Vicente, for while it kept them tied to the mill, the debt represented money that the *central* did not have.

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<sup>83</sup> John Dumoulin, *Azúcar y Lucha de Clases 1917* (La Habana: Editorial de Ciencias Sociales 1980), 7. Translated by B. Fraga; The inflationary tendencies produced by the war actually began to be felt in Cuba as early as the autumn of 1914. According to *The Cuba Review*, food prices in Matanzas were steadily rising by October of that year. Meanwhile, laborers, mill employees, and cane farmers were being "paid the same old price." October 1914, 12.

<sup>84</sup> Thomas, 538.

<sup>85</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 11, 1917.

<sup>86</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 22, 1917 and July 9, 1917; BBC, Series 2, vol. 42, Manuel Rionda to Plácido Alonso, June 22, 1917 and July 2, 1917.

<sup>87</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 11, 1917. Translated by B. Fraga.

The shortage of labor was the primary reason that the cost of production had increased. The demand for Cuban sugar that had led to the proliferation of *centrales* also stimulated an increase in the demand for laborers. Subsequently, wages increased, and the *colono* now had to pay workers more. "While it is true that the cost of production has increased very much, that increase is more in the share of the *colono* than that of the factories," wrote Rionda.<sup>88</sup> According to the sugar magnate, "He [the *colono*] has to pay much higher wages for cutting, lifting, and carting all the cane and also for weeding."<sup>89</sup> Furthermore, labor was unreliable. Securing labor was one of the difficulties with which the cane farmer had to contend. Many times, he had to go to Havana to find and hire the necessary fieldhands. The cane farmer would engage about twenty or thirty men and pay them a certain amount in advance. Many would leave after only a brief stay at the *colonia*, and the *colono* essentially lost the money he had spent on them.<sup>90</sup>

Rionda's solution to the labor shortage was the importation of Haitian, Jamaican, Chinese, and European laborers. He claimed, "If the Cuban government made the effort to import 200/300,000 Chinese, the labor problem would be resolved; or, if it passed laws as in West Virginia requiring all males between 16 and 60 to work at least 36 hours per week."<sup>91</sup> Although Alonso does not give any information on the use of foreign laborers

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<sup>88</sup> BBC, Series 2, vol. 42, Manuel Rionda to Victor Zevallos, May 22, 1917.

<sup>89</sup> Ibid.

<sup>90</sup> BBC, Series 2, vol. 42, Manuel Rionda to Victor Zevallos, May 23, 1917.

<sup>91</sup> Ibid.



on San Vicente, he nonetheless agreed with Rionda, claiming they essentially would be a cane cutting machine that would not break down easily.<sup>92</sup>

Having smuggled laborers into Cuba in 1916, by June 1917, Rionda was counting on the fact that the United States and Cuba were now at war to resolve the labor shortage.<sup>93</sup> Although Cuban President Menocal was in favor of importing Chinese workers, Rionda was aware that Cuba had to first obtain the consent of the U.S. government, claiming, "it would be better to put the matter up to the U.S. and say we cannot produce sugar in Cuba unless we have coal, tonnage, and labor."<sup>94</sup> Shortly thereafter, Cuba passed a law allowing non-white immigration, and Rionda imported his Chinese laborers.<sup>95</sup>

#### International Regulation of the Sugar Industry

On each of the "five home plantations" belonging to the Riondas, the cost of production had increased considerably.<sup>96</sup> Assessing that cost was necessary not only for their own records but also for the International Sugar Commission. On May 22, 1917, Rionda made it known that he was aware that a commission would be formed in New York to regulate the buying and selling of Cuban sugar. Although he believed that it would initially confine itself to handling only the purchasing of sugar for Great Britain,

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<sup>92</sup> BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 10, 1917.

<sup>93</sup> BBC, Series 2, vol. 42, Manuel Rionda to José Rionda, October 16, 1916; BBC, Series 2, vol. 41, Manuel Rionda to Victor Zevallos, June 1, 1917.

<sup>94</sup> BBC, Series 2, vol. 42, Manuel Rionda to Victor Zevallos, June 14, 1917.

<sup>95</sup> BBC, Series 2, vol. 43, Ibid., August 2, 1917.

<sup>96</sup> BBC, Series 14, vol. 42, Manuel Rionda to Victor Zevallos, May 26, 1917.

Rionda was mindful that the commission might extend itself to buying sugar for the United States. "Much against my wish," as Rionda claimed, competition would be eliminated.<sup>97</sup>

"There is absolutely no doubt that the United States government is going to have some control over prices of foodstuffs. . . . The President will appoint Mr. Hoover as Food Administrator," Rionda stated. Given the likelihood that the price of sugar would be fixed, Rionda would try to get on the commission. He felt that someone with his extensive knowledge of the cost of production—aware of the differences between western and eastern Cuba—was needed on the commission to "look after Cuban interests." The increase in production cost would have to be demonstrated in company books, for already F. J. Sheridan, of the Department of Commerce's Bureau of Foreign and Domestic Commerce, was traveling throughout Cuba collecting data on production costs of sugar.<sup>98</sup>

On August 31, 1917, Herbert Hoover, who was appointed as Food Administrator on May 10, wrote the British Food Controller, Lord Rhondda, about establishing a joint five-man commission in New York to set the price for raw sugar and apportion the Cuban crop.<sup>99</sup> Great Britain had been regulating its purchases of sugar and had been handling the purchases of sugar for the Allied nations of Europe since the outbreak of the war through the Royal Commission.<sup>100</sup> Britain bought raw sugar directly from Cuba, and

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<sup>97</sup> BBC, Series 2, vol. 42, Manuel Rionda to Victor Zevallos, May 22, 1917.

<sup>98</sup> Ibid.

<sup>99</sup> McAvoy-Weissman, Chp. 11, p. 8.

<sup>100</sup> Thomas, 537.

when the United States entered the war, Hoover desired put a stop to the competition that existed between U.S. refiners and their fellow allies in the purchase of sugar.<sup>101</sup>

Hoover wanted to keep the price of sugar down; it had been skyrocketing throughout the summer months. On June 1, 1917, it was 5.89 cents per pound. A month later, sugar sold for 6.52 cents per pound and for 7.02 on August 1. By the end of the week, on August 7, the price had risen to 7.52 cents per pound.<sup>102</sup> To essentially control the price of sugar, Hoover appointed Earl Babst, William A. Jamison, and Mr. Rolph from the United States to the International Sugar Committee (ISC). Great Britain sent Sir Joseph White-Todd and John Ramsey Drake. Only refiners were represented on the committee—no sugar producers or sugar brokers.

For its part, Cuba formed its own committee, the Cuban Committee. On September 12, 1917, President Menocal appointed José M. Tarafa, José I. Lezama, and Carlos Miguel Céspedes to a committee to negotiate with the ISC. They proposed a price of 4.75 cents per pound free on board (f. o. b.), which they considered fair.<sup>103</sup> Fair to the Cuban producer was defined as the cost of production plus a reasonable profit. The Cuban Committee was not successful.<sup>104</sup> Rionda took advantage of this failure to get himself assigned to the committee by having prominent sugar men in Cuba lobby

<sup>101</sup> BBC, Series 14, vol. 42, Manuel Rionda to Victor Zevallos, June 21, 1917. According to Jenks, Hoover felt that "Great Britain and the Allies had to be dealt with, too. For they were bidding for Cuban sugar against the United States." See Our Cuban Colony, 198.

<sup>102</sup> Joshua Bernhardt, Government Control of the Sugar Industry in the United States: An Account of the Work of the United States Food Administration and the United States Equalization Board, Inc. (New York: The Macmillan Co., 1920), 8. The prices listed by Bernhardt are for raw sugar, duty paid in New York.

<sup>103</sup> Dumoulin, 46. On price definitions, see Ellis, 23-25. The free on board (f. o. b.) price was the price of sugar before the cost of freight was added to it—essentially, the price before the sugar left a Cuban port.

<sup>104</sup> Dumoulin, 46.

Menocal for his appointment on the basis that he could better negotiate with Hoover.<sup>105</sup> Consequently, Menocal established a new committee composed of Céspedes, Rionda, and R.B. Hawley—the Cuban ambassador to the United States and the two largest producers of Cuban sugar. Menocal insisted that they advocate a price of 4.75 cents f. o. b.. Nevertheless, the ISC set the price at 4.60 f. o. b.. Rionda and Hawley agreed, but most of the Cuban producers did not. *Colonos* were also not satisfied with the price.<sup>106</sup>

Rionda felt that the fixed price would ensure a substantial profit to at least all the efficient producers. Furthermore, he felt it was best to deal with the ISC, as the United States would not allow Cuba to sell refined sugar to Spain or to South America because then U.S. refiners would lose part of their foreign trade.<sup>107</sup> Essentially, Cuba had no choice. Nevertheless, Cuba did not agree to the price, and no sugar was sold. The year came to a close and the sugar that had been milled in November remained in Cuba. In response, the United States kept its shipments of coal and flour bound for Cuba in U.S. ports.<sup>108</sup> “It will be necessary . . . to call attention of Mr. Hoover and all the other government authorities concerned to the fact that without coal, Cuba cannot make a crop,” Rionda claimed on January 18.<sup>109</sup> Late in January 1918, Hawley and Rionda signed contracts and the sugar trade resumed its activity at a price of 4.60 cents a pound.

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<sup>105</sup> McAvoy-Weissman, *Chp.* 11, p. 18.

<sup>106</sup> Dumoulin, 53.

<sup>107</sup> BBC, Series 2, vol. 43, Manuel Rionda to Victor Zevallos, December 17, 1917.

<sup>108</sup> Jenks, 198-199.

<sup>109</sup> BBC, Series 2, vol. 44, Manuel Rionda to Victor Zevallos, January 18, 1918.

As Jenks writes, "Thus the United States, made use of an economic sanction to bring a dependent ally to agree to a price for the principal crop of her citizens."<sup>110</sup>

On the effect of the fixed price of sugar on the *colono*, Rionda wrote:

While the present profits in Cuba are not to be despised, I must confess that our cost of production has also increased materially, especially in the cost of the cane to the cane farmer and I do not see a great deal of enthusiasm on the part of the farmer to increase his production. A great many are selling their colonias because being in actual possession of a fortune which they never expected to attain, they do not want to jeopardize it by planting cane with labor so high that it makes the cost of planting double what it was in former times, and then run the risk that when it comes to cutting the cane two years hence, the farmer may have to sell the sugar at a sacrifice.<sup>111</sup>

Rionda's passage reveals that during the latter part of the war the *colonato* had functioned as the *centrales* intended. As the cost of production increased, the *colono* was expected to bear the brunt of it. The records researched pertaining to San Vicente did not disclose information on the *colonos'* condition regarding labor. Nevertheless, it is reported that after having cleared their debts in 1915, *colonos* at San Vicente—at least the more prominent ones—went into debt in 1917. Furthermore, as cited previously, Rionda acknowledged that the increase in labor wages was "more in the share of the *colono*" than of the mill.<sup>112</sup>

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<sup>110</sup> Jenks, 199-200.

<sup>111</sup> BBC, Series 10, Box 6, Manuel Rionda to Julius Ganzoni, March 14, 1918. On the topic of the regulation of sugar prices, see Thomas, 539. He writes, "The agreed fixed price was high in relation to the pre-1914 average, but prices, especially of imports, were also high, and the handling of the crop caused difficulties with the settlement of what was due to *colonos*."

<sup>112</sup> BBC, Series 2, vol. 42, Manuel Rionda to Victor Zevallos, May 22, 1917.

After the Great War, prices shot upward as soon as the price fixing mechanisms employed during the conflict were removed. During the brief period 1919-20, Cuba reveled in "The Dance of the Millions"—millions were made as the price of sugar reached 22.5 cents. Conversely, when the sugar market settled after the frenzy of deregulation and Cuban sugar was no longer in such high demand as during the war years, Cuba experienced its first in a series of economic recessions in the post-war era. As *central-colono* relations were affected by the increase in sugar prices during WWI, so too would they be affected by a world market characterized by low sugar prices. "Don't let us be tempted by the enormous profits the *colonos* make now, for the lean years are bound to come," foreshadowed Rionda before the war's end.<sup>113</sup>

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<sup>113</sup> BBC, Series 2, vol. 42, Manuel Rionda to Leandro Rionda, May 15, 1917.

## CHAPTER 4 CENTRAL SAN VICENTE DURING THE 1920s AND 1930s

World War I ended with an armistice on November 11, 1918, but the regulation of sugar continued for a brief period thereafter. In that summer, the United States had established the Sugar Equalization Board, Inc., "for the purpose in part of equalizing the distribution and selling price of sugar, and . . . to purchase domestic or foreign raw sugar in such quantities, at such prices . . . as it may deem advisable, and to resell said sugar in its discretion at, below or above cost . . ."<sup>1</sup> In short, the corporation was the sole agency with the authority to buy the entire Cuban crop outright and to make allocations to the Allies.<sup>2</sup> Almost three weeks prior to the cessation of hostilities, the Equalization Board had finalized the purchase of the Cuban crop for the 1918-19 harvest at the price of 5.88 cents per pound.<sup>3</sup> According to Leland Jenks, the United States made a profit of \$42,000,000 from that transaction.<sup>4</sup>

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<sup>1</sup> Agreement as to Cuban Sugars, 1918-1919 Crop, Between United States Sugar Equalization Board (Incorporated) and A Commission of the Republic of Cuba and Agents of Cuban Producers printed in Czarnikow-Rionda, Co., The Cuba Sugar Crop, 1918-1919: Negotiations Regarding Sale, Etc. (New York: Czarnikow-Rionda, Co., 1920), 33.

<sup>2</sup> BBC, Series 10, Box 6, Folder title: European Mail, Ganzoni to Manuel Rionda, September 17, 1918, Jenks, 201.

<sup>3</sup> Agreement as to Cuban Sugars, 35; Jenks, 215.

<sup>4</sup> Jenks, 203. According to Jenks, Woodrow Wilson, President of the United States, was the principal shareholder of the Sugar Equalization Board, Inc., and Herbert Hoover was chairman of the board of directors. Also see BBC, Series 2, vol. 45, Manuel Rionda to Victor Zevallos, September 20, 1918. In his letter, Rionda wrote that the United States Treasury would be the sole owner of stock in the Equalization Board.

In January 1919, the Equalization Board deregulated the refining and manufacturing of sugar in the United States and permitted Cuba to sell "directly to Spain, France, Canada, and other countries, to keep open marketing relations."<sup>5</sup> Full deregulation of the sugar trade came in autumn when the agency instructed U.S. refiners to buy raw sugar at whatever prices they could obtain. Ironically, Cuban sugar producers, who had initially opposed price controls, were against the lifting of fixed rates, for they had come to appreciate the stability that regulation afforded them by ensuring profits.<sup>6</sup> They offered to sell the entire 1920 crop at 6.5 cents per pound, but the Wilson administration was too absorbed in the post-war projects for the reconstruction of Europe and the establishment of the League of Nations to fully consider the Cubans' proposal.<sup>7</sup>

While both U.S. refiners and Cuban producers awaited a decision from President Wilson, news spread in Cuba that the Equalization Board was reselling Cuban sugar at a price higher than the one at which Cubans were required to sell. Cuban producers retaliated by withholding some of their sugar from delivery to the United States. Consequently, U.S. refiners, fearing potential shortages, urged the Equalization Board to force the Cubans to deliver their raw sugar. The corporation decided to free itself from the dilemma in which it found itself and terminated its control of the international

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<sup>5</sup> For quotation, see Jenks, 215. The Food Administration had the set the price of refined sugar on the New York Exchange at 9 cents per pound. See Jenks, 201-202.

<sup>6</sup> Republic of Cuba, Statement Issued to the Planters, Colonos and Merchants of Cuba (Havana: The Sugar Finance Committee, 1921), 1.

<sup>7</sup> Jenks, 216.



supply of sugar. As a result, refiners quickly began bidding for sugar, and prices soared like never before.<sup>8</sup>

### The Dance of the Millions

The refiners' frenzy in buying sugar pushed the price steadily and rapidly upward. Between the fall of 1919 and May of 1920, it rose from 6.5 to 22.5 cents a pound.<sup>9</sup> In Cuba, this dramatic increase triggered "the dance of the millions."<sup>10</sup> Excessive speculation marked the period 1919-20, as *central* owners, *colonos*, bankers, and just about anyone eager to make a substantial profit engaged in the expansion of sugar production.<sup>11</sup> Unfortunately, this interval of exorbitant profit-making was short-lived, for the price of sugar began tumbling downward after mid-May—not even a year after it had begun spiraling upward.<sup>12</sup> Nevertheless, the mania that reigned in the Cuban sugar industry during the brief period of "the dance of the millions" was widespread and far-reaching.

While U.S. refineries had triggered the inordinate expansion of sugar production in Cuba, banks on the island, both domestic and foreign, fueled it by providing the necessary credit. They financed the improvements and additions to sugar mills made by *central* owners and the cultivation of more land by *colonos*. They too were caught up in

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<sup>8</sup> Jenks, 217-218.

<sup>9</sup> Ibid., 218.

<sup>10</sup> A Havana journalist coined the term "The dance of the millions" to describe the period of excessive speculation during the 1919-20 harvest. See Jenks, 206.

<sup>11</sup> Republic of Cuba, Statement Issued, 2.

<sup>12</sup> Jenks, 219

the excitement of the moment and encouraged speculation. According to Jenks, banks in Cuba were not very cautious in their lending practices during "the dance of the millions."

Cuban farmers, who had borrowed of one bank all that they needed to harvest their crop, were begged by rival managers to borrow more. They might build a bigger house with the money, buy a car, send their families abroad! Cuban, American, Spanish, British—all were the same. This was the prevailing spirit of the banking business carried on in Cuba. Wall Street beamed upon it. . . . It was a cloudburst of bank credit which struck Cuba.<sup>13</sup>

In effect, bankers advanced money to almost anyone willing to use it. They did so primarily in the form of loans against mortgages on sugar properties or loans secured upon sugar in warehouses and crops in the field. With credit and extremely high prices, Cuba entered another phase in the sugar boom originally caused by World War I. In 1919 and 1920, due to their rapid increase, sugar prices substantially surpassed the cost of production which had risen due to the inflationary tendencies during the war. "Colonos benefited proportionately with the advancing price of sugar," writes Jenks, further claiming,

It was an unambitious [*colono*] who did not incur fresh indebtedness upon advances made to enable to him plant a larger acreage of cane. Large *colonos* were rich. . . . There were millionaire *colonos* in Cuba. Some of them purchased mills from European or North American owners, or went into partnership to do so. Small *colonos* knew a degree of unwonted comfort. . . . The more well-to-do erected palatial homes in the Vedado and sent their families upon summer tours to Europe and the United States.<sup>14</sup>

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<sup>13</sup> Jenks, 213.

<sup>14</sup> Ibid., 222.

Rionda had written before the war's end that the "unwonted comfort" which was occasioned by the relatively high prices during the conflict had stimulated *colonos* unaccustomed to such fortunes to sell their properties. The sale of *colonias*, although not only by cane farmers, continued during "the dance of the millions." So profitable had the sugar industry become that many throughout Cuba became eager to supply cane to the sugar mills.<sup>15</sup> Lino Díaz, a *colono* who sold his cane to San Vicente, wrote directly to Manuel Rionda in 1919, requesting the acquisition of Colonia Aguas Nuevas for his son and Colonia Gratiud for his brother-in-law.<sup>16</sup> Approximately during the same time, Rionda received another solicitation for a *colonia*, and he instructed Plácido Alonso to handle the matter. The solicitor, W. H. Ramsay, was hired as second administrator in one of the mills owned by the Cuba Cane Sugar Corporation, and his brother was placed in charge of a *colonia* in the *finca* Las Alegrias.<sup>17</sup> Motivated by the profits being made in real estate during the height of "the dance of the millions," the owner in proxy of the *finca* Herrera decided to place the property on the market. San Vicente, which rented Herrera at the time, declined the offer to purchase it, leaving the door open for Tomás Delgado, a cane farmer, to buy the property instead.<sup>18</sup>

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<sup>15</sup> Jenks, 181.

<sup>16</sup> BBC, Series 2, vol. 47, Manuel Rionda to Plácido Alonso, September 6, 1919.

<sup>17</sup> BBC, Series 2, vol. 47, Manuel Rionda to Plácido Alonso, October 17, 1919; BBC, Series 2, vol. 48, Manuel Rionda to Plácido Alonso, November 19, 1919.

<sup>18</sup> BBC, Series 2, vol. 48, Manuel Rionda to Plácido Alonso, May 10, 1920. Herrera was being sold by Alberto Santurtún. As the agent for the Santurtún family inheritance, he was owner in proxy of the *finca*. Manuel Rionda instructed Plácido Alonso to decline its purchase since they were in the process of trying to sell San Vicente.

*Colonias* were not the only properties being sought after or offered for sale. Sugar mills were also changing hands. Fifty *centrales*, or roughly one quarter of the sugar factories in Cuba, were transferred from one owner to another at the height of the sugar boom in 1920.<sup>19</sup> The sale and purchase of mills was induced by the push toward integration within the industry. If the proliferation of *centrales* had been the distinguishing characteristic of the Cuban sugar industry during the war years, then integration was the primary feature during "the dance of the millions." According to Hugh Thomas, "companies involved in one stage of sugar production sought to gain control of the remaining stages."<sup>20</sup>

Refiners and food processors in the United States were especially concerned about securing control of the other steps in the entire process of the manufacture of sugar. As Michael Marconi Braga explains, their success depended on the competitiveness of the price of their final product in the market. If their price was too high, owing to the increased cost of raw materials, they risked losing customers and seeing their sales and profit margins drop. Therefore, they were specifically susceptible to the dramatic rise in sugar prices, which they themselves had induced, and to the accessibility of its supply. If they failed to obtain the amount of raw sugar they needed, they faced the possibility of losing clients to their competitors within the industry.<sup>21</sup>

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<sup>19</sup> Jenks, 219.

<sup>20</sup> Thomas, 541.

<sup>21</sup> Michael Marconi Braga, No Other Law But Supply And Demand: Institutional Change and the Cuban Sugar Economy, thes., U of Texas, 1993, 15.

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The same refiners and food processors who had triggered "the dance of the millions" by bidding up the price of sugar also stimulated the selling and buying frenzy of Cuban sugar mills. Almost immediately as prices began to soar upward and the rumors of sugar shortages circulated, U.S. refiners and food processors rushed to purchase mills in order to secure their own supplies of sugar. Their concern about the scarcity of sugar was not entirely unfounded, for in the first harvest after the Treaty of Versailles, the European beet sugar industry produced only two and a half million tons compared to the eight million it had produced from the harvest of 1913-14.<sup>22</sup> Cuba itself had produced 4,012,000 tons in 1919, and 3,742,000 in 1920.<sup>23</sup> Nevertheless, they failed to fully realize—perhaps due to the excitement of deregulation—that other sugar producing areas of the world besides Cuba had also increased production as a response to World War I, and so, the international supply of sugar was not in as precarious a situation as they believed. Yet since Cuban sugar had come to dominate the U.S. market, U.S. refiners and food processors could not see past the Caribbean island for their supply of sugar.<sup>24</sup>

U.S. companies paid exceedingly high prices for the mills they acquired. According to Cuban economist and sociologist Luis Victor de Abad, the *centrales* and *colonias* that were sold during "the dance of the millions" doubled and in some cases

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<sup>22</sup> Thomas, 542.

<sup>23</sup> Schroeder, 261. In 1919, Cuba accounted for roughly 26% of the world's supply and for 22% in 1920.

<sup>24</sup> On this topic, Jenks writes that "there was plenty of sugar to go around." See *Our Cuban Colony*, 218. Also, in explaining the reasons for the economic crisis Cuba faced during the 1920s resulting from the decline in sugar prices, Enrique Pérez-Cisneros cites competition from sugar producing areas that had either increased output or began production during World War I as one of the factors. See Enrique Pérez-Cisneros, *Cuba y el Mundo Azucarero Internacional* (La Habana: Impresores Ucar, García, S.A., 1957), 15. According to a chart on world sugar production found in Schroeder, international output increased almost steadily from 1919 until 1932. See *Cuba: A Handbook*, 261.

even tripled their value in the transaction.<sup>25</sup> For example, the Charles E. Hires Company paid \$1.5 million for Central Dos Hermanas—a price equivalent to approximately \$30 per bag of sugar produced. The Warner Sugar Corporation of Edgewater, New Jersey, bought its mills at a rate of \$27 per bag. Six years before, in 1914, the cost to establish a mill and to acquire a necessary amount of cane was not more than \$10 per bag.<sup>26</sup> By the end of 1920, the price of sugar would have sunk to about \$10 a bag.<sup>27</sup>

Czarnikow-Rionda also followed the trend in integration. Although initially reluctant to do so, Rionda bought the W. J. McCahan sugar refinery in Philadelphia on June 24, 1920. Rionda had become aware that in purchasing mills, refiners were also becoming sugar producers. Therefore, he thought that the brokerage business was destined for an irreversible decline. Concerning his purchase of the W. J. McCahan Sugar and Molasses Refining Company, Rionda wrote London, “[B]y sales of Cuban sugar properties to American corporations this year, we lost clients representing close to 2,000,000 bags . . . whose sugars will be no longer sold through us. . . . In other words, the refiners will be producers, not only competing with us but in the long run we would find ourselves thrown aside completely.”<sup>28</sup> Rionda also took steps to integrate his own mills. Plans were discussed for the sale of San Vicente and Washington and the transfer of the factory and machinery from those mills to Central Elia.<sup>29</sup> In November of 1919,

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<sup>25</sup> Luis Victor de Abad, Azúcar y Caña de Azúcar (La Habana: Editora Mercantil Cubana, S.A., 1945), 357. In 1945, when his book was published, de Abad was president of the Economic Studies Section of the Economic Society of Friends of the Nation (Havana).

<sup>26</sup> Jenks, 221

<sup>27</sup> *Ibid.*, 219.

<sup>28</sup> McAvoy-Weissman, Chp. 15, p. 25.

<sup>29</sup> BBC, Series 2, vol. 48, Manuel Rionda to Plácido Alonso, November 19, 1919.

Rionda was offered \$2.5 million for San Vicente by a chocolate plant in the United States.<sup>30</sup> That sale was never completed, and so Rionda continued trying to sell the mill throughout much of the 1920s.

Just as Rionda had been cautious at the outbreak of World War I, he again assumed a prudent stance toward the sugar industry when the Equalization Board terminated price fixing in the fall of 1919. According to Muriel McAvoy-Weissman, "he suspected the Dance of the Millions would continue for no more than a year."<sup>31</sup> Rionda's purchase of the U.S. refinery and his selling of mills in Cuba was motivated not so much by the thought of making profits during the frenzy of speculation, but ensuring a better position when the economic downturn came. The demand for Cuban sugar would subside because consumers would soon realize that there was in fact an abundance of raw sugar in the world. Efficiency in production, economies of scale, and the expertise of a good salesman would be the only salvation for those in the Cuban sugar industry once the "lean years" came about which Rionda had preached before the end of World War I.<sup>32</sup>

### The Financial Crash and Economic Crisis

The "lean years" in the Cuban sugar industry began in the autumn of 1920. By then the price of sugar in New York was down to 8.0 cents a pound from the 22.5 cents it had been in the spring, and it was steadily declining—the music of "the dance of the

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<sup>30</sup> Ibid., November, 14, 1919. Rionda describes the person desiring to acquire San Vicente as a "chocolatero."

<sup>31</sup> McAvoy-Weissman, Chp. 15, p. 19.

<sup>32</sup> BBC, Series 2, vol. 42, Manuel Rionda to Leandro Rionda, May 15, 1917.

millions" had stopped playing. The high prices for sugar offered in the United States during 1919-20 had attracted sugar from the rest of the world, and by the summer of 1920, the U.S. found itself with an abundance of raw sugar. Consequently, prices slid downward just as rapidly as they had risen. The break in price came at the end of May, but the decline became most rapid in August and September.<sup>33</sup>

In the Rionda sugar realm, The Cuban Commercial and Industrial Company, which owned San Vicente, was dissolved in New Jersey, and reincorporated in Cuba as the Compañía Azucarera San Vicente (The San Vicente Sugar Company) in September 1920 for the purpose of selling the mill. Acting on behalf of the Riondas, Sullivan & Cromwell informed Mr. Bustamante, the Havana lawyer in charge of the procedure in Cuba, that he would be sent the necessary power of attorney to begin the process and instructed him to ensure that the Cuban company have the same capital that the New Jersey company presently had (1500 shares preferred stock and 2573 share common stock). Thus, Compañía Azucarera San Vicente would carry out the proposed sale of the estate, or if the sale failed to be consummated, would operate the mill.<sup>34</sup> The Riondas intended to sell the estate to Manuel Rubio, a *colono* with whom San Vicente had a long business relationship. They offered him the mill at the price of \$2.25 million.<sup>35</sup>

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<sup>33</sup> Jenks, 219, 229-230; The Louisiana Planter reported in July 1920, that the United States was essentially "a magnet for the world's sugar." July 24, 1920, 56; According to Joshua Bernhardt, Chief of the Statistical Department of the Sugar Equalization Board, Inc. (1919-20), the "abnormally high price attracted sugar to the United States from all parts of the globe. . . . The general fall of prices in the middle of 1920 thus came upon the sugar market in the United States at a time when it was in an unusually vulnerable situation owing to accumulation of supplies purchased at top prices." See Joshua Bernhardt, The Sugar Industry and the Federal Government: A Thirty Year Record (1917-47) (Washington DC: Sugar Statistics Service, 1948), 101.

<sup>34</sup> BBC, Series 2, vol. 50, Sullivan & Cromwell to Bustamante, September 17, 1920.

<sup>35</sup> BBC, Series 2, vol. 50, Higinio Fanjul to Bustamante, September 20, 1920.



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Their plans to sell the plantation floundered due to the crisis that ensued when the price of sugar plummeted. With prices declining throughout the summer and fall of 1920, producers and *colonos* alike were unable to pay the huge debts they had incurred in the frenzy of speculation. If the borrowers could not pay, the lenders could not collect, and as Jenks writes, "the bankers in Havana who had vied in lending money on sugar and mills and standing cane at the top of the market, awoke after a leisurely summer to face financial crisis."<sup>36</sup> The Cuban government claimed that the crisis was without parallel, stating, "the Cuban banks were unable to continue furnishing funds to planters and the foreign banks withheld their funds from Cuban business."<sup>37</sup>

By the early part of October 1920, the largest Cuban banks, the Banco Español, the Banco Nacional, and the Banco Internacional closed their doors, unable to collect on loans or pay their depositors. On the day that the Banco Internacional closed, Cuban bankers met with President Menocal and requested that he declare a banking moratorium. Two days later, on October 11, the Cuban government declared a suspension on the payment of cash to depositors.<sup>38</sup> Two weeks after the announcement, Higinio Fanjul, a nephew of Rionda who was now also involved in the management of San Vicente, wrote Bustamante expressing his concern that Rubio would be unable to obtain the credit he needed to buy the estate.<sup>39</sup>

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<sup>36</sup> Jenks, 230.

<sup>37</sup> Republic of Cuba, Statement Issued, 2.

<sup>38</sup> Thomas, 544-545; Jenks, 231.

<sup>39</sup> BBC, Series 2, vol. 50, Higinio Fanjul to Bustamante, October 25, 1920.

Rubio was in fact unable to obtain the money he needed. The moratorium, which was supposed to last until December 1, was extended to February 1, 1921.<sup>40</sup> In mid-December 1920, after Rubio had manifested his regret in writing that the financial crisis impeded him from obtaining a loan to buy San Vicente, Manuel Rionda instructed Enrique Estrada to get rid of the thirty train cars and locomotive that Rubio had acquired when he thought that San Vicente would be his.<sup>41</sup>

Estrada was the new manager of San Vicente following the death of Plácido Alonso. He was most likely a relative of Higinio Fanjul and began working at San Vicente in 1915, while Alonso was still there as manager.<sup>42</sup> Alonso died unexpectedly in the summer of 1920, in Havana, where he had been relocated some time in late 1918.<sup>43</sup> There, from the office of the Cuban Trading Company, Alonso continued directing the operations of San Vicente in conjunction with Fanjul, who was also in the Cuban capital. Essentially, they supervised Estrada, who remained on the estate. Like Alonso who had witnessed and played a role in *central-colono* relations during a period of prosperity, Estrada did the same but during a time of economic misfortune. He experienced the several recessions that the Cuban sugar industry suffered during the 1920s, and which essentially culminated with the Great Depression.

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<sup>40</sup> Thomas, 545.

<sup>41</sup> BBC, Series 2, vol. 51, Manuel Rubio to Manuel Rionda, December 2, 1920; BBC, Series 2, vol. 51, Manuel Rionda to Enrique Estrada, December 15, 1920; BBC, Series 2, vol. 51, Manuel Rionda to Enrique Estrada, December 25, 1920.

<sup>42</sup> BBC, Series 10, Box 91, Folder title: E. Estrada, Enrique Estrada to Manuel Rionda, November 28, 1927. The Collection also contains the genealogy of the extensive Rionda family, from which it was deduced that Enrique Estrada was related to Maria Estrada, who was Higinio Fanjul's wife. Since Manuel Rionda practiced nepotism and Fanjul advocated Estrada's selection in succeeding Alonso, one could reasonably claim the Enrique was most likely a member of Rionda's extended family.

<sup>43</sup> BBC, Series 2, vol. 48, Manuel Rionda to Enrique Estrada, July 7, 1920.

Central-Colono Relations in the Midst of Crisis

In Cuba, 1921 began as a year of crisis. The price of sugar started at 3.5 cents a pound in January and reached a low point of 1.88 cents during the course of the year.<sup>44</sup> Of the 197 *centrales* that were grinding during in 1920, only 124 were still in operation by January 1921.<sup>45</sup> Although the financial crisis did not discriminate between Cuban and foreign owned properties or between *central* owners and *colonos*, the *colonato* was the principal victim of the economic downturn. According to Abad, the farmers of small and medium size *colonias* were the hardest hit.<sup>46</sup>

In mid-May 1921, as the 1920-21 harvest was coming to a close, Higinio Fanjul wrote Rionda that when he drove from Central San Vicente to Central Socorro, a distance of thirty kilometers (nineteen miles), he had passed by many *colonias* and noticed that the majority of them were now abandoned.<sup>47</sup> He claimed that the general discontent among the *colonos* of the island was going to be big at the end of the present harvest. Furthermore, their dissatisfaction with the economic situation of the country was going to be compounded by the absence of the Banco Español and the Banco Nacional—the two institutions that had traditionally helped the cane farmers the most

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<sup>44</sup> Republic of Cuba, Statement Issued, 2; Abad, 356.

<sup>45</sup> McAvoy-Weissman, Chp. 17, p. 1.

<sup>46</sup> Abad, 357.

<sup>47</sup> BBC, Series 10, Box 91, Folder title: Loans to Colonos, Higinio Fanjul to Manuel Rionda, May 14, 1921.

during the dead season.<sup>48</sup> *Hacendados* (plantation owners), *colonos*, and workers had no choice but to accept the prices and wages that were paid during the harvest of 1913-14.<sup>49</sup>

According to both Jenks and Thomas, the absence of the two Cuban banks to which Fanjul referred in his letter was the result of the government's inability and unwillingness to solve the banking crisis.<sup>50</sup> Consequently, eighteen Cuban banks collapsed, representing a total indebtedness of \$130 million.<sup>51</sup> "Cuba was stripped of credit facilities other than those provided by American banks who stood by their Cuban business," writes Jenks.<sup>52</sup> With the Cuban banks essentially gone, U.S. and Canadian banks stepped in to take their place. The National City Bank of New York and the Royal Bank of Canada became the leading banks of the island republic.<sup>53</sup>

North American financial institutions had been playing an active role in the Cuban sugar industry since 1914, and although they had also participated in the speculation of "the dance of the millions," they were able to survive the crisis. Unlike their Cuban counterparts, the foreign banks were involved in other investment activities

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<sup>48</sup> BBC, Series 10, Box 91, Folder title: Loans to Colonos, Higinio Fanjul to Enrique Estrada, May 13, 1921.

<sup>49</sup> BBC, Series 10, Box 91, Folder title: Loans to Colonos, Higinio Fanjul to Manuel Rionda, May 14, 1921

<sup>50</sup> Jenks, 232; Thomas, 232. Both Jenks and Thomas claim that the Cuban government lacked the funds to bail out the Cuban banking industry and rejected a loan from New York banks for \$100 million. The Cuban government announced it had no intention of saving the banks from the consequences of their own folly. After a series of negotiations between the Cuban government and various U.S. interests, including bankers (J.P. Morgan) and government officials (Albert Rathbone and Gen. Enoch Crowder), the Zayas administration accepted a loan from the United States in October of 1921. Nevertheless, the financial situation did not improve much—it was essentially too late, especially for salvaging Cuban banks.

<sup>51</sup> Jenks, 244.

<sup>52</sup> Ibid., 245.

<sup>53</sup> Jenks, 245; Thomas, 550.

besides sugar and held the majority of their assets abroad. Thus, they were able to maintain their credit-worthy status, while the Cuban institutions were not.

The failed banks and the financial crisis framed the relationship between the *central* and the *colono*. With one of their traditional sources for loans no longer available, *colonos* increasingly turned to the *central* for financial support. By 1923, more than 95% of *colono* debts were owed directly to sugar mills.<sup>54</sup> Consequently, *centrales* found themselves with outstanding loans to cane farmers who were unable to repay them. In a time, as Rionda claimed, when money was needed more than anything else, *central* owners were continuously having to reduce the interest and rents they charged or outright cancel the debts of those who owed them.<sup>55</sup> This situation, however, gave mills greater leverage in dealing with cane farmers.<sup>56</sup>

In the case of San Vicente, the Riondas found themselves bound to *colonos* throughout the crisis of the 1920s and 1930s on account of the loans they gave and the business and personal relations they had developed with the cane farmers over time. Manuel Rubio, who was San Vicente's principal *colono* by the 1920s, was in a state of perpetual indebtedness to the mill throughout that decade and into the 1930s—the Great Depression having magnified the gravity of his financial situation.<sup>57</sup> His case follows the

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<sup>54</sup> Wallich, 176.

<sup>55</sup> BBC, Series 10, Box 91, Folder title: Loans to Colonos, Manuel Rionda to Higinio Fanjul, May 24, 1921.

<sup>56</sup> Braga, 77.

<sup>57</sup> BBC, Series 10, Box 91, Folder title: Loans to Colonos, Higinio Fanjul to Enrique Estrada, May 13, 1921.

timeline of events in Cuba and within the sugar industry throughout the period following "the dance of the millions."

He had incurred his ruinous debts during "the prosperous times," beginning with the purchase of Colonia Sandoval in 1917.<sup>58</sup> Before the financial crisis of 1921, he had bought the *colonia* belonging to Roberto Bannatyne measuring seventeen *caballerías* for \$35,000, the same price he had paid for Sandoval which was considerably larger.<sup>59</sup> With the onset of the crash, the deal, which must have seemed a good one to Rubio prior to the fall in sugar prices, proved to be a bad business transaction. In May of 1921, the *colono* wrote Higinio Fanjul requesting financial assistance.<sup>60</sup> The Cuban banks had closed. The Riondas and San Vicente were now his best alternative—perhaps his only one.

Fanjul wrote his uncle stating that they needed to help San Vicente's principal *colono*. According to the nephew, Bannatyne, in the midst of the present crisis, would not be able to obtain even half of the price that Rubio had paid him for his *colonia*. Fanjul offered Rubio a two-year loan for \$35,000 in exchange for the mortgage on the property.<sup>61</sup> Fanjul desired to access the cane from Bannatyne and felt that by granting Rubio a loan, the *colono* would be more inclined to agree to a grinding contract favorable to San Vicente. Estrada objected. He claimed that it was unwise to enter into contracts

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<sup>58</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Leasing the Plantation to the Colonos, Higinio Fanjul to Manuel Rionda, January 27, 1922. In his letter, Fanjul refers to the period before the 1921 financial crisis as "*los años prósperos*" ("the prosperous years"). Translated by B. Fraga. On Rubio's purchase of Sandoval, see BBC, Series 14, vol. 5, Plácido Alonso to Manuel Rionda, June 11, 1917.

<sup>59</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Loans to Colonos, Higinio Fanjul to Manuel Rionda, May 13, 1921. Sandoval measured twenty-seven *caballerías*.

<sup>60</sup> Ibid.

<sup>61</sup> Ibid.

with cane farmers who accrued too large a debt which would later prove almost impossible to pay even after two harvests. The manager specifically cited that Rubio's debt would total \$145,000 if given the loan. It was too much in his opinion.<sup>62</sup> Nevertheless, Fanjul instructed him to straighten out and to be sure to include an agreement for accessing cane from Bannatyne. Fanjul highlighted the importance of concretely finalizing deals with *colonos* during this time of crisis by citing the case of Isidro García who had committed suicide shortly after a contract was made with him.<sup>63</sup>

Fanjul promised Rubio the loan despite Rionda's objection. Rionda claimed that they should not make such large advances since money was what was then most needed.<sup>64</sup> In response to their predicament in financing the Cuban crop after the crash, *central* owners and *colonos* appealed to the government. Many recommended the establishment of a body composed of sugar producers and the principal bankers engaged in the sugar industry to take charge of the entire operation relative to the sale and export of the production from the 1920-21 harvest.<sup>65</sup> President Menocal answered the mill owners and the cane growers with the creation of such an organization—the Sugar Finance Committee. The Committee was created by Presidential Decree No. 155 on February 11, 1921.<sup>66</sup>

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<sup>62</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Loans to Colonos, Enrique Estrada to Higinio Fanjul, May 10, 1921.

<sup>63</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Loans to Colonos, Higinio Fanjul to Enrique Estrada, May 14, 1921.

<sup>64</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Loans to Colonos, Manuel Rionda to Higinio Fanjul, May 24, 1921.

<sup>65</sup> Republic of Cuba, Statement Issued, 5.

<sup>66</sup> *Ibid.*, McAvoy-Weissman, Chp. 17, p. 6.

The idea for the actual body that was assembled was born out of the meeting Rionda had with U.S. Army General Enoch H. Crowder a week prior to the issuing of Menocal's decree.<sup>67</sup> Crowder had been sent by the United States to meet with the Cuban president on the political and financial situation of the island republic.<sup>68</sup> In the political arena, the Liberals were contesting the outcome of the November 1920 presidential election, which they claimed was fraudulent.<sup>69</sup> The liberal candidate, ex-president José Miguel Gómez, had lost to Alfredo Zayas, Menocal's candidate. According to Jenks, Crowder "argued that unless decision were made, and any by-elections necessary were held, Cuba would be entirely without a government upon the expiry of Menocal's term on May 20, 1921. In that case the United States would be obliged to intervene formally, and to set up her own administration of the island."<sup>70</sup>

Essentially, from Crowder's arrival in January 1921 until the end of 1922 when he returned to the United States, the Cuban government acted—and only acted—with the general's approval.<sup>71</sup> McAvoy-Weissman details the meeting between Crowder and Rionda. She reports that they met on the U.S.S. Minnesota on February 4, 1921, to discuss resolving the financial crisis in Cuba. Rionda proposed his plan verbally to Crowder, and the next day, sent him, Menocal, and prominent Cuban senator Cosme de

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<sup>67</sup> McAvoy-Weissman, Chp. 17, p. 6.

<sup>68</sup> Jenks, 239.

<sup>69</sup> Thomas, 548.

<sup>70</sup> Jenks, 240. Thus shortly after Crowder's arrival, Menocal instructed the election board to review the November elections. New elections were held on March 15, 1921, which the Liberals boycotted. Zayas therefore won.

<sup>71</sup> Jenks, 242, 262-264; Thomas, 549. General Crowder returned to the United States in January 1923, only to be sent back to Cuba as the first U.S. ambassador to Cuba, an office he held until 1927, when he retired from professional life.



la Torriente each a copy of his proposal in writing. "The Cuban Crop," Rionda wrote, "should be sold by a Committee composed of representatives of the principal producers, with offices in New York and a branch in Cuba. The members comprising the committee shall be men of experience and familiar with market conditions all over the world."<sup>72</sup>

Crowder approved the plan, and the others agreed to it.<sup>73</sup> The Committee was composed of seven members, who were to represent the different interests within the sugar industry—that is, with the exception of the *colono* and the laborer. Two of the members, Rionda and Hawley, represented the large producers; two, José Miguel Tarafa and Manuel Aspuru, served as the spokesmen for the other producers of the island—presumably independent of foreign concerns; two, Porfirio Franca of the National City Bank and Frank J. Beatty of the Royal Bank of Canada, were the agents of "the bankers contributing with their loans to financing the 1920-21 crop";<sup>74</sup> and, lastly, the Secretary of Agriculture, Commerce, and Labor, General Sánchez Agramonte, was appointed to the Committee as representative of the public interests.<sup>75</sup>

The Sugar Finance Committee was not created for the purpose of recovering the losses incurred by planters and *colonos* during the previous year, but to help ameliorate the present situation by aiding the planter in securing the necessary financial resources so that he could carry out the production of raw sugar and meet his contractual obligations

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<sup>72</sup> McAvoy-Weissman, Chp. 17, p. 6; quotation taken from the same.

<sup>73</sup> Ibid.

<sup>74</sup> Republic of Cuba, Statement Issued, 5.

<sup>75</sup> Ibid., McAvoy-Weissman, Chp. 17, p. 7.

with foreign countries. The Committee took charge of all the operations involved in the sale and export of the sugar left over from 1920 and that produced from the 1920-21 harvest. It had the sole authority to decide and put into effect any measures it deemed necessary for the fulfillment of its functions. Essentially, no ship could load sugar in Cuba without the permission of the Committee.<sup>76</sup>

Although Manuel Rubio, in a letter to Rionda addressing him as "My distinguished Sir and friend," praised the efforts of the Sugar Finance Committee and Rionda's appointment to serve on it, the organization was dissolved by President Zayas in December 1921.<sup>77</sup> The Committee had come under sharp criticism for failing to sell Cuba's sugar and to obtain the necessary loans to finance the industry. By September 1921, Cuba had large stocks of unsold sugar in its warehouses.<sup>78</sup> Of the 18,394,621 bags placed under the control of the Committee, only 5,466,458 had been sold. Many throughout Cuba claimed that Rionda and Hawley were looking out for their personal interests only at the expense of the other sugar producers and the rest of the island's inhabitants. According to McAvoy-Weissman, however, both Rionda and Hawley suffered alongside their peers in Cuba.<sup>79</sup>

The Committee's inability to obtain finance for the Cuban crop was largely the result of the refusal of the United States government and banks to authorize and grant the necessary loans that Cuba needed. The U.S., in turn, claimed that unless the Cuban

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<sup>76</sup> Republic of Cuba, Statement Issued, 6; McAvoy-Weissman, Chp. 17, p. 7.

<sup>77</sup> BBC, Series 2, vol. 53, Manuel Rubio to Manuel Rionda, September 23, 1921. Translated by B. Fraga.

<sup>78</sup> Thomas, 553.

<sup>79</sup> McAvoy-Weissman, Chp. 18, p. 17.

government balanced its national budget, no loans would be forthcoming. Largely independent of the role of the Committee, the U.S. and Cuba could not agree on the matter. Nevertheless, with no support from the Cuban Congress and under constant attack from news publications, it was deemed a failure and discontinued.<sup>80</sup>

The Sugar Finance Committee was not the first or last attempt by the Cuban government and producers on the island, whether domestic or foreign, to organize a concerted effort aimed at the international sugar trade. Sugar, which had accounted for 92% of Cuba's export earnings in 1920, was the lifeblood of the island's economic existence.<sup>81</sup> Without sufficient sugar sales, the island republic could not sustain the livelihood of its inhabitants. Government revenues as well as salaries and employment nationwide depended on the sugar industry.<sup>82</sup> Throughout the remaining crises of the 1920s, Cubans would try to influence the market forces which regulated the sale of their precious commodity.

Sugar prices improved during the two subsequent harvests. Nonetheless, central *owners* and *colonos* as a whole throughout the island were unable to clear their debts.<sup>83</sup> Rubio remained heavily in debt. Enrique Estrada's salary was reduced, and the prospects for the sale of San Vicente remained as such—possibilities only.<sup>84</sup> A sugar mill the size

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<sup>80</sup> Jenks, 250-254; Thomas, 554-556; McAvoy-Weissman, p. Chp. 18, pp. 15-16.

<sup>81</sup> For figures on Cuban sugar exports as a share of Cuba's total export value, see Schroeder, 414.

<sup>82</sup> Pérez-Cisneros, 13.

<sup>83</sup> Jenks, 263.

<sup>84</sup> Estrada's salary was reduced to \$4,000 annually. See BBC, Series 10, Box 91, Folder title: E. Estrada, Higinio Fanjul to Enrique Estrada, February 7, 1922; In July 1921, Estrada had suggested in writing to Fanjul that his salary be reduced during the dead season, but Rionda, upon being consulted on the matter by Higinio, instructed him not give Estrada a pay cut. See BBC, Series 10, Box 91, Folder title: San Vicente, Expenses, Dead Season (1921), Enrique Estrada to Higinio Fanjul, July 15, 1921; Also see BBC, Series 10,

of San Vicente was no longer profitable. It was essentially too small. By the 1920s, San Vicente, like other mills its size throughout western Cuba, found itself with virtually no more cane land available. Thus, it could not expand its operations, whether by acquiring more land or controlling additional *colono* land through grinding contracts.<sup>85</sup>

#### Central-Colono Relations: Cooperation vs. Dominance

At the start of 1922, the Riondas considered leasing the plantation to the *colonos*. All three, Manuel, Higinio, and Enrique, agreed it was a good idea, if they could find a *colono* to whom rent the plantation—essentially, to place in charge of the estate. Rubio, their most likely candidate, still had too many debts and, as such, had lost credibility among the other cane farmers. Their plan depended on having a *colono* run the estate, since they reasoned that with a cane farmer in charge, the mill would have a better rapport with the *colonos* of the area and thereby sign contracts with more of them, thus, accessing additional cane.<sup>86</sup>

During these troubled times, cooperation with cane farmers was critical and would be harder to attain as the economic situation worsened. In the *central-colono* relationship, the mill depended on the farmer to grow, harvest, and supply cane to the mill. Although the *central* owner was in the superior position in this arrangement, he was aware that he needed the collaboration of the *colono*. The cane farmer, after all, had

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Box 91, Folder title: San Vicente, Expenses, Dead Season (1921), Manuel Rionda to Higinio Fanjul, July 25, 1921.

<sup>85</sup> BBC, Series 10, Box 92, Folder title: San Vicente, Prospective sale, correspondence with Higinio Fanjul, Higinio Fanjul to Manuel Rionda, June 30, 1922.

<sup>86</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Leasing of the Plantation to the *Colonos*, Higinio Fanjul to Manuel Rionda, January 31, 1922.

the option—however difficult it was due to the dominance of sugar in the Cuban economy—to give up cane farming and abandon the sugar industry all together.<sup>87</sup> As previously noted, Rionda reported that many *colonos* had decided to sell their properties and abandon the sugar business during the latter part of World War I. In addition, cane farmers could still take their cane to another mill to be ground if they did not like the treatment they received from a certain mill. For example, a *colono* who had been taking his cane to be milled at San Vicente for nine years decided to take his cane to neighboring Central España after failing to obtain the minimum guarantees of protection he desired.<sup>88</sup>

Interestingly, competition for cane among the sugar mills in Matanzas continued during the first half of the 1920s due to the decline in the number of *colonias* as a consequence of the economic downturn. Higinio Fanjul wrote Rionda that competition for cane during the 1922 grinding period was going to be fierce because of the considerable reduction in functioning cane farms in the areas of San Vicente, Soledad, Carolina, España, Progreso, Santa Amalia, and Dolores.<sup>89</sup> In situations such as this one, in which six *centrales* were competing with one another for the same sources of cane,

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<sup>87</sup> Braga, 77. His research also suggests this. He writes, "Many [*colonos*] simply gave up the job and moved away from the plantations. Others stayed on the land but lost interest in cultivating cane. . . ."

<sup>88</sup> BBC, Series 2, vol. 47, Manuel Rionda to Plácido Alonso, October 6, 1919. Rionda wrote Alonso about having received a letter from Lino Díaz, the *colono* in this case, complaining about not receiving even the minimum protection from San Vicente when he met with Enrique Estrada. Rionda desired more information on the matter.

<sup>89</sup> According to Fanjul, the prices that were being offered ranged from 6 ¼ to 7 3/8 *arrobas*. See BBC, Series 10, Box 91, Folder title: San Vicente, Leasing the Plantation to *Colonos*, Higinio Fanjul to Manuel Rionda, January 31, 1922.

independent *colonos*, such as Pedro Arenal, continued to be highly solicited. As a result, they maintained some degree of leverage in *central-colono* dealings.<sup>90</sup>

Thus, mill owners were aware that they needed to essentially lure farmers to continue supplying cane to the *central* by treating them well, which during times of economic hardship, meant satisfying their demands and pleas for higher cane prices or lower interest rates and rental fees. Meanwhile, the *central* also had its own interests to safeguard. The mills had to address their own financial concerns, among which figured the debts owed by *colonos*. For mill owners, maintaining an equilibrium between their own economic welfare and that of the farmer was a delicate matter during the 1920s.

Sharing the burden of the risks involved in the sugar industry between *central* and *colono* had been a central feature of the *colonato* prior to the twentieth century. With the advent of economic recession after "the dance of the millions," the distribution of financial losses and costs between the two became a source of greater contention within the industry. According to *colonos*, mill owners in general throughout Cuba looked to them to shoulder a larger share of the burden during the 1920s. In San Vicente, however, charity characterized the *central's* relations with the *colonos*.

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<sup>90</sup> In obtaining cane at prices they desired, Fanjul wrote Estrada that San Vicente had an advantage over the other mills because they, unlike their competitors, had paid all their *colonos* to date. Nevertheless, they most likely would not get Arenal's cane, since he had already made contracts with other mills. If, however, he had any left over, Fanjul would try to obtain it at a reasonable price. See BBC, Series 10, Box 91, Folder title: San Vicente, Leasing the Plantation to Colonos, Higinio Fanjul to Enrique Estrada, January 27, 1922.

### Government Legislation in a Period of State Intervention

The economic disaster of 1921 caused many in Cuba, chiefly the government, to realize that protecting vital national interests was necessary.<sup>91</sup> Thus, began a period of state intervention in the economy through legislation with the Agricultural Finance Law (*Ley de Refucción Agrícola*) in 1922. The law was designed and promulgated to protect both the *hacendado* and the *colono*. It required that financing contracts be fulfilled and protected the *colono* from eviction during the term of cane contracts. The law was successful in sustaining sugar production in Cuba by securing the fulfillment of existing agreements for the harvesting and processing of cane, but it did little to improve the financial condition of farmers and the island's overall economic situation<sup>92</sup>

At the end of the 1924-25 harvest, much as Rionda had feared, San Vicente was unable to obtain payment on any of its *colono* debts.<sup>93</sup> They did not have enough money to repay their loans. Times were definitely hard. Cuba faced another economic crisis in 1925. The price of sugar had been relatively high in 1923 and 1924, but with the return of low sugar prices, the expectation of economic recovery vanished—just as the island had produced a record-breaking 5,189,000 tons. Rionda reported that San Vicente suffered profit losses in 1925-26 and was unable to pay its dividends.<sup>94</sup>

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<sup>91</sup> Republic of Cuba, Statement Issued, 2-6; Luis E. Aguilar, Cuba 1933: Prologue to Revolution (Ithaca, NY: Cornell UP, 1972), 46-47.

<sup>92</sup> Abad, 549-551; According to Luis Aguilar, the law regulated contracts for government loans in the sugar industry and was devised to protect *colonos*. See Cuba 1933, 47.

<sup>93</sup> BBC, Series 10, Box 90, Folder title: San Vicente, Bonuses, Manuel Rionda to Higinio Fanjul, July 6, 1925; BBC, Series 10, Box 90, Folder title: San Vicente, Bonuses, Higinio Fanjul to Manuel Rionda, July 13, 1925.

<sup>94</sup> In reference to output, Cuba had never produced more than five million tons before 1925. Cuba's output that year accounted for 21.8 % of the world's sugar supply. See Schroeder, 261. In 1922, the total value of Cuban sugar was \$266.8 million. The following year, as a result of the increase in sugar prices, that figure

According to Cuban economist Enrique Pérez-Cisneros, the decline in the price of sugar on the New York stock exchange to 2.56 cents a pound precipitated a profound economic crisis that preceded the worldwide depression of the 1930s by five years.<sup>95</sup> He cites the following reasons for the low prices: competition from other cane sugar producing areas of the world that had either augmented or begun production during World War I; the resurgence of European beet sugar in the world market; the technological advancements made within the sugar industry to increase production; and economic protectionism.<sup>96</sup>

By 1925, the Fordney-McCumber Tariff, enacted by the United States Congress three years prior, and the tariff barriers that protected the European beet sugar industry were having a detrimental effect on the Cuban sugar industry.<sup>97</sup> The U.S. had increased the duty on Cuban sugar beginning in 1921, as a response to the pleas from domestic beet sugar producers. The crash in the world price of sugar had adversely affected them also, and they beseeched Congress to raise tariffs. They were facing competition from Cuban sugar producers who were increasing exports in order to reduce losses. Congress passed the Emergency Tariff Act in April 1921, and in 1922, replaced it with the Fordney-McCumber Tariff.<sup>98</sup>

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reached \$424.1 million. In 1925, however, the Cuban sugar industry's earnings declined to a total value of \$295.1 million. See Schroeder, 259. On San Vicente see, BBC, Series 10, Box 92, Folder title: San Vicente, Sale of Stock to J.M. Tarafa, Manuel Rionda to José Tarafa, May 17, 1927.

<sup>95</sup> Pérez-Cisneros, 15.

<sup>96</sup> Ibid.

<sup>97</sup> Thomas, 558.

<sup>98</sup> The Emergency Tariff raised the duty on Cuban sugar from 1.0048 cents to 1.60 cents, and the Fordney-McCumber Tariff increased it by an additional 0.15 cents to 1.75. See Jenks, pp. 243, 254-256, Thomas, p. 552; McAvoy-Weissman, Chp. 18, pp. 10-12.



Having failed to prevent the passage of the tariff bill, Cuban sugar producers instead relied on their cost advantage and on further incorporating economies of scale to counter falling prices during the latter half of the 1920s. Between 1914 and 1920, during the period of tremendous growth within the Cuban sugar industry, Cuban producers had built the most modern and cost efficient industry in the world.<sup>99</sup> Their strategy was to reduce production costs below the depressed price of sugar while at the same time producing more in order to sell a greater volume at the low price, thus still making a profit.<sup>100</sup>

As an attempt to salvage the Cuban economy, José Miguel Tarafa, a prominent Cuban sugar producer and veteran of the War for Independence, proposed the idea that Cuba should limit the size of its crop. Since there was an overabundance of sugar on the global market, he argued that prices would increase only if international production were diminished. The island, which accounted for more than 20% of the world's sugar, could theoretically affect the market by restricting its output. Although the government and several producers accepted his idea, they were aware that in order to be successful, Tarafa's proposal needed the cooperation of the other sugar producing countries of the world.<sup>101</sup>

Nevertheless, the Cuban Congress moved quickly to pass the Verdeja Law in 1926. It limited each *central* to 90% of its grinding capacity; allowed for additional

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<sup>99</sup> Cuban sugar had a lower production cost compared to continental (beet and cane sugar) and insular (Hawaii, Puerto Rico, and the Philippines) U.S. production. Beginning in 1928, Java was able to undersell Cuban sugar on the world market. See Abad, 349-353.

<sup>100</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Expenses, Dead Season, Enrique Estrada to Higinio Fanjul, July 15, 1921.

<sup>101</sup> Pérez-Cisneros, 16

reductions of ten percent to be made in each of the following two years; authorized the executive to signal the start of the harvest; and obligated mills to grind the same quantity of cane from *colonos* as from administration farms.<sup>102</sup> The legislation limited the size of the 1926 Cuban crop to 4.76 million tons.<sup>103</sup> The following year, the government acted again to restrict the production of sugar. President Machado sanctioned the Sugar Defense Law in October 1927, confining the 1927 and 1928 crops to 4.5 million and 4 million tons respectively.<sup>104</sup> In addition, the law created the Sugar Export Company to control the sale of sugar abroad, with the exception of sugar sold to the United States. The reason was to prevent competition among Cuban producers selling to foreign countries.<sup>105</sup>

Initially, the laws were well received by those in the Cuban sugar industry. The Cuban government had requested and sought the input of producers in designing the laws, and although it had not consulted directly with *colonos*, it had expressed its concern for cane farmers.<sup>106</sup> Conflicts and difficulties arose from the assigning of production quotas to each *central*. San Vicente was assigned a limit of 60,058 bags, and in March 1927, Higinio Fanjul wrote the Sugar Commission, in charge of the government's crop restriction policies, to raise San Vicente's production share. He claimed that the

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<sup>102</sup> Pérez-Cisneros, 17.

<sup>103</sup> Thomas, 558.

<sup>104</sup> Gerardo Machado took office as president of Cuba on May 20, 1925. See Jenks, 273.

<sup>105</sup> Pérez-Cisneros, 17.

<sup>106</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Crop Restriction by Cuban Government, Questionnaire from the Secretary of the Presidency of Cuba to the Various Mills of Cuba, July 19, 1926. The questionnaire does not mention administration cane, but does asks the *central* for its input on devising a formula to determine the proportion of cane that should be assigned to each *colono*.

Commission had based its decision on insufficient and, therefore, inaccurate information of the mill's capabilities.<sup>107</sup>

In April 1925, San Vicente had acquired an additional 155 *cuballerias* in *fincas*, giving the mill a total of 292 *cuballerias* of cane. The mill had the capacity to produce 112,000 bags. In order to produce 60,058 bags, the mill needed only 6,510,000 *arrobas* of cane of the estimated 12,500,000 *arrobas* to which it had access. Two million of this amount belonged to independent *colonos*, and the remainder belonged to San Vicente's *colonos*, or farmers of the mill. Consequently, under the existing production quota, the situation of the *colonos* could not be worse, for an estimated 47.1% of their cane would remain in the fields. According to Fanjul, both the mill and the farmers would suffer, but due to their large debts, the farmers would sustain greater financial losses. Thus, he contended that San Vicente should be allowed to produce at least 73,000 bags. Fanjul was not the only one who was unsatisfied with the production quotas. Controversy over the government's crop restriction policy was widespread throughout Cuba.<sup>108</sup>

Although the government's scheme generated an increase in the price of sugar, it did not rise as much as anticipated, and, furthermore, it resumed its downward trend in the summer of 1928. The efforts by Cuba within its own territory to effect a decrease in the world's supply of sugar were coupled with attempts to do the same at the international level. Tarafa had gone to Europe in November 1927, to meet with representatives of the European beet sugar industry and arrange for multinational cooperation in Cuba's plan to stabilize the world sugar market. Tarafa obtained the

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<sup>107</sup> BBC, Series 10, Box 91, Folder title: Crop Restriction, H. Fanjul to the Sugar Comm., March 8, 1927

<sup>108</sup> For San Vicente's figures, see *ibid.* On nation-wide discontent, see McAvoy-Weissman, Chp. 22, p. 1

support of Germany, Poland, and Czechoslovakia in restricting their sugar production. Unfortunately, their participation was not sufficient to decrease the quantity of sugar on the world market. On August 31, 1928, Cuba renounced its policy of crop restriction.<sup>109</sup>

Cuban planters were free once more to produce as much as they wanted. In a thirty-four-page letter expressing his views on the Cuban sugar industry and the failed crop restriction, Rionda wrote that their salvation and future as Cuban producers lay not in crop restrictions, in the actions of U.S. refiners, or in the policies of other sugar producing countries, but in Cuba's ability to reduce its production costs. According to Rionda, they needed to learn from their competitors (Puerto Rico, Hawaii, and Java) and produce more cane per unit of land and at a higher quality. In a situation in which the world sugar market was "ruled by factors superior to the will and desire of one of its components," artificial measures instituted to control prices were largely futile. The Cuban sugar industry had to accept lower prices and use whatever resources it had to its advantage.<sup>110</sup>

Practicing what he preached about the need to economize, Rionda sold the company's stock belonging to Compañía Azucarera San Vicente to Tarafa for \$816,922.26 in 1927.<sup>111</sup> In expressing his offer to Tarafa, Rionda wrote, "I have always felt that the large *centrales* of the past . . . are no longer large mills, and it will be necessary for the good of those [the western] Provinces that the small units disappear and

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<sup>109</sup> Perez-Cisneros, 19-20.

<sup>110</sup> McAvoy-Weissman, Chp. 22, pp. 7-13.

<sup>111</sup> Price calculated from data obtained in BBC, Series 13, Box 3, Folder title: Manuel Rionda, Other Papers re: San Vicente, Protocolary deed between H. Fanjul and F. J. Cancio, April 11, 1938. For the initial terms of payment, see BBC, Series 10, Box 92, Folder title: San Vicente, Sale of Stock to J.M. Tarafa, Manuel

be replaced by larger *bateyes* . . . and those who own them [the larger mills] will have similar outcomes in production as those in Oriente."<sup>112</sup> San Vicente was one of those mills with low capacity that did not offer any more possibilities in terms of incorporating economies scale. Sooner or later, it would have to be absorbed by another mill in order to form a larger *central*. According to Rionda, a similar fate awaited the small mills found in the provinces of Pinar del Río, Havana, Matanzas, and Las Villas. San Vicente, as Rionda believed, could be combined with Tarafa's Central Cuba.<sup>113</sup>

In the sale of the mill's stock, the two sugar producers decided to divide the administration costs of San Vicente between them. The Riondas reserved the right to remove the machinery at their discretion. Essentially, San Vicente would no longer grind cane, but instead would be dedicated solely to cultivation. As part of the negotiations of the sale, Rionda instructed Fanjul and Estrada to be sure that everything was in order regarding the cane farmers, specifically the mortgages that they had on some of the *colonos'* properties. He wanted to ensure that the *colonos* did not incur any losses in the sale and that it was carried out in a manner that would not prove financially injurious to them later.<sup>114</sup>

As sugar producers, Rionda felt that mill owners had a special and important duty and responsibility in Cuban society. In their control, rested the economic livelihood of

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Rionda to J.M. Tarafa. One third of the total price was to be paid up front in cash and the remainder was to be paid in ten years at 6% interest.

<sup>112</sup> BBC, Series 10, Box 92, Folder title: San Vicente, Sale of Stock to J. M. Tarafa, Manuel Rionda to José Tarafa, May 17, 1927. Translated by B. Fraga. *Batey*: the industrial complex of a mill.

<sup>113</sup> Ibid. In his letter, Rionda uses the name Santa Clara in referring to the Province of Las Villas.

<sup>114</sup> BBC, Series 10, Box 92, Folder title: San Vicente, Sale of Stock to J. M. Tarafa. Also note.

the island's inhabitants. Not only did *colonos*, laborers, mill employees, and their families depend on the success of the sugar industry, but the nation as a whole. Rionda was not alone in thinking this way. Tarafa also felt the same, having written during the darker years of the Great Depression, "Despite the grim outlook, I have decided to maintain these properties, that is, to maintain our cane fields and . . . help those who depend on this business."<sup>115</sup>

Both he and Rionda did, in fact, make a conscious effort to help *colonos* during the difficult times throughout latter part of the 1920s and into the 1930s. In November 1927, Compañía San Vicente forgave \$8,928.66 of Rubio's total debt of \$25,475.30.<sup>116</sup> Unfortunately, that deduction was not enough to solve the *colono's* financial situation. Rubio still remained heavily in debt, as did practically all other cane farmers. At the end of the 1928 harvest, San Vicente's records showed that *colonos* had a total debt of \$92,382.26, of which the mill decided to cancel \$51,146.37.<sup>117</sup>

The 1928 harvest was the last one for Juan Larrea on *finca* Gritud, the *colonia* he had farmed for San Vicente since before the First World War. For the past two or three harvests, according to Tarafa, that property had been in decline. Larrea could no longer manage Gritud owing to his poor financial situation. Tarafa had found a *colono* with the financial resources to take charge of and develop the property. Unlike Larrea,

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the February 1929 issue of The Cuba Review was the last one that listed San Vicente as an active plantation in Matanzas.

<sup>115</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Manuel Rubio, José Tarafa to Manuel Rionda, May 4, 1931.

<sup>116</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Manuel Rubio, Higinio Fanjul to Manuel Rionda, November 23, 1927.

<sup>117</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Sale, Correspondence with Higinio Fanjul, Higinio

the new cane farmer would be able to pay the rent on the *colonia*. Larrea needed to be removed. In distress, he wrote Rionda requesting assistance primarily for his grown children. The old man knew his time had passed. There was no longer much he could do, but he did not wish to be a burden on his son and daughter, especially during this time of economic hardship. If Rionda could secure a better paying job for the two of them, then it would be somewhat easier on the three of them.<sup>118</sup> Rionda responded by instructing Estrada to cancel Larrea's debt to San Vicente. In addition, they would request that Tarafa financially compensate the *colono* for his being removed.<sup>119</sup> Larrea was given \$10,000, the value of the *colonia*, as part of his total compensation.<sup>120</sup>

By 1928, Rubio was in a financial quagmire due to *finca* Sandoval. He had mortgaged the property twice—first, for \$10,000 to Juan Alzugaray and, later, for \$9,000 to San Vicente. Unable to make his payments and with the onset of the Great Depression, Rubio lost Sandoval in May 1931.<sup>121</sup> The property was adjudicated and placed at auction by Alzugaray.<sup>122</sup> At Tarafa's request, Rionda agreed to cancel the remaining debt, including the \$9,000, that Rubio owed San Vicente. Tarafa, who himself

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Fanjul to Manuel Rionda, June 23, 1928.

<sup>118</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Manuel Rubio, Higinio Fanjul to Manuel Rionda (cable), May 28, 1928; BBC, Series 10, Box 91, Folder title: San Vicente, Juan Larrea, Juan Larrea, May 5, 1928.

<sup>119</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Manuel Rubio, Higinio Fanjul to Manuel Rionda (cable), May 28, 1928; BBC, Series 10, Box 91, Folder title: San Vicente, Manuel Rubio, Manuel Rionda to Higinio Fanjul (cable), May 29, 1928. Larrea's debt was \$2,792.69, and was actually paid to him in cash by the *colono* who replaced him on Gratiud.

<sup>120</sup> BBC, Series 13, Box 2, Manuel Rionda to José Tarafa, May 29, 1928.

<sup>121</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Manuel Rubio, Manuel Rasco to Manuel Rionda, May 25, 1931.

<sup>122</sup> Ibid., June 9, 1931.

was financing Rubio's crop and giving him \$100 monthly to help cover his administration costs, was aware that Rubio would most likely never be able to pay his debt.<sup>123</sup> Like him, the Cuba Cane Sugar Corporation was also insolvent. In the summer of 1929, it "acknowledged that it would be unable to pay \$25,000 million in debentures which would be due January 1, 1930 and that it would then also owe \$28,875 million in accumulated unpaid dividends on its preferred stock." Hence, the U.S. District Court for the Southern District of New York appointed a receiver for Cuba's greatest sugar producer on October 1, 1929.<sup>124</sup>

### The Great Depression

Having already experienced an economic crisis for five years, the Great Depression hit Cuba especially hard. In 1929, the island produced 5,156,000 tons of sugar—its largest crop since 1925.<sup>125</sup> Again, this record amount came at the worst time. Sugar consumption in the United States, Cuba's primary market, decreased after the stock market crash, as the personal income of U.S. inhabitants declined. U.S. purchases of sugar declined by 211,603 tons during the first year of the Depression and by 124,173 tons in the following year.<sup>126</sup> The price of sugar plummeted with each successive year.

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<sup>123</sup> BBC, Series 10, Box 91, Folder title: San Vicente. Manuel Rubio, José Tarafa to Manuel Rionda, May 4, 1931. In addition to his debts to both Rionda and Tarafa, Rubio owed \$3,500 to a merchant who had been supplying the *colono* with foodstuffs.

<sup>124</sup> McAvoy-Weissman, Chp. 22, p. 18. In 1921, Rionda had resigned as president of Cuba Cane but remained in the company as a stockholder. The corporation's failure represented a significant financial and business loss for the Riondas.

<sup>125</sup> Schroeder, 261.

<sup>126</sup> Ellis, 69.



From its 1928 average warehouse price of 2.18 cents a pound, Cuban sugar decreased to 1.72 in 1929, to 1.23 in 1930, to 1.11 in 1931, and to only 0.71 in 1932.<sup>127</sup>

According to Cuban historian Francisco J. Ponte y Dominguez, Matanzas, as a province that depended principally on sugar, especially suffered during this period of economic hardship. Matanzas had begun the century with fifty-one mills in operation. In 1924, twenty-eight were grinding, but by 1932, only sixteen remained active. The closure of *centrales* affected not only the province's sugar output, but also its demography. Significant numbers of its inhabitants left the countryside for the urban centers. In the 1931 census, various zones throughout the province which had previously registered growing populations recorded an absolute loss in populace.<sup>128</sup>

In the United States, Congress acted to protect domestic sugar producers and enacted the Hawley-Smoot Tariff in June 1930. The duty on Cuban sugar was increased to 2.0 cents a pound.<sup>129</sup> The passage of the Hawley-Smoot Tariff crippled the Cuban economy even more. Cuban producers lost a greater share of the U.S. market, and their profits declined drastically. The opinion of *colonos* and producers turned once more to establishing cooperative agreements for the sale of their commodity and to calling for state-sponsored restriction.<sup>130</sup>

In the summer of 1929, the Cuban government had created the Compañía Exportadora de Azúcares de Cuba, known as the *Vendedor Unico*, or the Single Seller,

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<sup>127</sup> Pérez-Cisneros, 19.

<sup>128</sup> Francisco J. Ponte Y Dominguez, *Matanzas: Biografía de una Provincia* (La Habana: Imprenta "El Siglo XX", 1959), 295-297. For the 1924 figure on *centrales*, see *The Cuba Review*, March 1924, 29.

<sup>129</sup> *Ibid.*, 26.

<sup>130</sup> *Ibid.*, 27.

but it was dissolved in April 1930, after failing to achieve its purpose. The agency was unable to advance money to sugar mills and, hence, did nothing to improve their situation. *Central* owners, thus, returned to private selling.<sup>131</sup> In addition, Cuba's second attempt to build a multinational cooperative effort to reduce the world's sugar supply also failed. The Brussels Convention of 1929 had more success in obtaining a greater number of European countries to join Cuba's plan than Tarafa's trip had in 1927. Nevertheless, in order to be effective, basically all sugar producing areas of the world had to agree to the scheme.<sup>132</sup>

Meanwhile, on San Vicente further efforts were made to economize. Tarafa suggested to Rionda that they reorganize the administration of the estate—essentially terminate joint management, which was costing them \$11,700 annually. Rionda agreed. San Vicente was placed under direct administration of Central Cuba. As part of the change, several mill employees were dismissed, including Estrada. He was being paid \$3,600 annually then, and Tarafa had found someone to replace him at half that salary.<sup>133</sup> Wages throughout Cuba were declining during the Great Depression. In 1929, a cane cutter made \$1.60 a day, and in 1932, only \$0.50. The daily wages paid to mill operatives dropped from \$2.00 to \$0.80 during the same four-year period. Outside the

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<sup>131</sup> Ibid., 24; Thomas, 561.

<sup>132</sup> Pérez-Cisneros, 24. The 1929 plan lacked the participation of Java, the Dominican Republic, Peru, and the U.S. insular possessions. Their support was crucial.

<sup>133</sup> BBC, Series 10, Box 91, Folder title: Sale of San Vicente, (Correspondence) Higinio Fanjul, José Tarafa to Manuel Rionda, February 26, 1931; BBC, Series 10, Box 91, Folder title: Sale of San Vicente, (Correspondence) Higinio Fanjul, Higinio Fanjul to Manuel Rionda, February 27, 1931.

sugar industry, workers basically fared the same. Tobacco field laborers saw their wages drop from \$1.50 to \$0.80 between 1929 and 1932.<sup>134</sup>

The Cuban government again instituted crop restriction in the fall of 1930, with the enactment of the Law for the Stabilization of Sugar. Its purpose was to enforce the Chadbourne Plan, which had been adopted by the Cuban Congress in June 1930. The plan called for immediately removing 1.5 million tons of Cuban sugar from the world market, limiting future production on the island, and reducing sugar exports to the United States. It also included an international component, and this time, fortunately, Cuba was more successful. By 1931, the major producing areas of the world, Java, Germany, Belgium, Czechoslovakia, and Peru, signed agreements reducing their production and withholding sugar supplies from the international market. For their part, both beet and cane sugar producers in the United States and in U.S. insular possessions agreed verbally, essentially making a "Gentlemen's Agreements," to do the same.<sup>135</sup>

Despite its promising features, the Chadbourne Plan proved to be a failure, as past attempts to effectively influence the international market also had. The magnitude of the Great Depression and the lack of enforcement mechanisms were fundamentally at fault in this case.<sup>136</sup> World production continued to rise, and, conversely, the price of sugar

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<sup>134</sup> Schroeder, 190.

<sup>135</sup> The Chadbourne Plan was named after Thomas L. Chadbourne, a New York lawyer. He represented the New York banks that held the Cuban debt and that owned many bankrupt mills. He, himself, was the proprietor of two *centrales* in Cuba. The plan had been devised jointly with a group of Cuban *hacendados*, which did not include the *Riondas*, known as the "Cuban-American Committee." See Pérez-Cisneros, 27-30. Also see Thomas, 561.

<sup>136</sup> Ibid.

continued to fall. According to *colonos*, the Chadbourne Plan had benefited only the banks and the mills; they alone were setting the industry's course.<sup>137</sup>

The New Sugar Export Corporation, which was created by the Stabilization of Sugar Law for the purpose of handling export quotas, had only one representative of the *colonos* on its board. The other eight members were evenly divided between U.S. and Cuban mill owners. Furthermore, the Cuban government had issued \$42 million worth in bonds to pay for and store the sugar the *centrales* could not sell as part of the plan. These bonds were endorsed by New York banks, which possessed them and were selling them at a profit. *Colonos* felt that they had virtually no voice in the decision-making process, but were still having to shoulder the burden of financial losses as part of the restriction.<sup>138</sup>

### The Aftermath of an Era of Economic Crises: The Revolution of 1933

*Colonos* desired justice and a greater say in the sugar industry. To that end, they organized and carried out strikes and appealed directly to the government. Between 1925 and 1933, cane farmers approached the government on almost every issue that concerned them. In some instances, they were successful, and in others, they were not.<sup>139</sup> *Colonos* relied on their ethnicity and nationality to legitimize their cause and gain support. As

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<sup>137</sup> Julio Lobo, an *hacendado*, who was part of the Cuban-American committee that devised the Chadbourne Plan, wrote a seven-page critique of it in 1933. Published as a pamphlet and titled El Plan Chadbourne: Nuestro Cancer Social (La Habana: Maza Caso Y Cia., Impresores, 1933), Lobo's work severely criticized the plan and expressed the overall complaints voiced throughout Cuba.

<sup>138</sup> Lobo, 3. Thomas, 562.

<sup>139</sup> Braga, 84-85. Braga reports that cane farmers were successful in preventing the closure of two mills by the Cuba Cane Sugar Corporation in 1926 by appealing to the vice-president to force the *centrales* to remain in operation. When the state instituted crop restrictions, the *colonos*' main concern was being allowed to sell as much of their cane as possible, and, thus, they directly asked President Machado to begin the 1927 harvest on the first day of January instead of later in the month. Beginning the *zafra* then would permit them to sell more cane. In this case, however, the *colonos* were not successful.

white Cubans of Spanish origin, they portrayed themselves as victims of an industry controlled in large part by foreign corporations.<sup>140</sup> According to historian Luis Aguilar, "As the majority of the great companies were owned by American firms, the *colonos* increasingly began to press for some protection from their government and, consequently, joined those who were beginning to push to defend nationalistic programs as a matter of collective survival."<sup>141</sup> Nonetheless, their efforts failed to achieve substantial changes within the industry until 1933.

The Revolution of 1933 marked a turning point in the conditions of production within the Cuban sugar industry. In August 1933, President Machado was ousted from government and forced into exile. A period of political instability and turmoil soon engulfed Cuba. In describing the situation, Aguilar writes, "the atmosphere in Cuba . . . was marked by flare-ups and violence. . . . The air was charged with radicalism."<sup>142</sup> Machado was replaced during the following month by Ramón Grau San Martín, a doctor and university professor. The new government immediately moved forward with the implementation of a progressive, socialist program, from which *colonos* benefited.<sup>143</sup>

Laws were passed which restricted administration farming, set minimum prices for *colonos'* cane, protected them from being evicted from company lands, and lowered

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<sup>140</sup> Braga, 85. Susan Schroeder gives an idea of the foreign presence in the Cuban sugar industry during this time period. In 1926, the island had 184 mills, of which 101 belonged to Cubans, 41 were U.S. owned, and 42 belonged to other foreigners. In 1935, of a 179 units, Cubans owned 50, U.S. nationals 70, and other foreigners 59. See Cuba: A Handbook, 258.

<sup>141</sup> Aguilar, 42.

<sup>142</sup> *Ibid.*, 152.

<sup>143</sup> Thomas, 605-625

their rent. Rights were taken away from mill owners that had previously allowed them to dictate the activities of their tenants. An important issue for laborers, the importation of workers from Haiti and Jamaica was outlawed.<sup>144</sup> Grau, however, remained president for a very short time. Under pressure from the military, chiefly Colonel Fulgencio Batista, Grau resigned in November 1933.<sup>145</sup>

Despite the upheaval, the revolutionary process continued with the implementation of reforms. Essentially under the control of Batista, the government in 1937 combined the pieces of legislation enacted since the autumn of 1933 into the Sugar Coordination Law (*Ley de Coordinación Azucarera*).<sup>146</sup> The new law stipulated the rights and duties of those involved in the sugar industry. It created a national association of *colonos*, set minimum wages, and established an eight-hour workday for wage earners. Essentially, the law provided *colonos* with security, a greater voice in the industry, and extended to them a larger share of the material benefits of the sugar industry.<sup>147</sup>

During the period after Machado's ouster, the chief concern at San Vicente, as revealed by its documents, was finalizing the sale of the company's stock to Tarafa's heirs. Tarafa had died in the summer of 1932; he still owed Czarnikow-Rionda \$119,920.<sup>148</sup> In his place, Fernando J. Cancio, his long-time lawyer and trustee of his estate, continued negotiations with Higinio Fanjul. Before a notary public in 1938, the

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<sup>144</sup> Aguilar, 174-176.

<sup>145</sup> Thomas, 662-664.

<sup>146</sup> Thomas, 706-708.

<sup>147</sup> Aguilar, 174-175; Nelson, 100-103; Thomas, 614-633.

<sup>148</sup> McAvoy-Weissman, Cp. 26, p. 13. Tarafa also owed \$33,200 for Central Cuba.

two gentlemen agreed to a deed on the transfer of the property's stock. The price specified in the document was \$648,126.48, \$168,795.78 less than the amount agreed upon in 1927.<sup>149</sup> Over the course of eleven years, the Riondas and Tarafa had renegotiated and modified the terms of the sale, including the price, as a consequence of the economic depression.

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<sup>149</sup> Price calculated from data obtained in BBC, Series 13, Box 3, Folder title: Manuel Rionda. Other Papers re: San Vicente, Protocolary deed between. Higinio Fanjul and Fernando J. Cancio in connection with the transfer of stock, etc. of Cia. Azucarera San Vicente, April 11, 1938.

## CHAPTER 5 DISCUSSION

### Sugar's Hold on Cuba

Central San Vicente's experience reflects some of the changes that occurred within the Cuban sugar industry between 1914 and 1933. The personal histories connected with the mill illustrate the social ramifications of the industry during this period. Both the mill and those who made a living from it were dependent upon sugar; it tied them and the rest of Cuba to the world market and to forces that were beyond their control. In examining the production and consumption of sugar in the development of world capitalism, anthropologist Sidney W. Mintz writes, "Caribbean people have always been entangled with a wider world, for the region, has since 1492, been caught up in the skeins of imperial control, spun in Amsterdam, London, Paris, Madrid, and other European and North American centers of world power."<sup>1</sup>

This dependent relationship between the Caribbean and the wider world in which sugar is the fundamental link was also a primary concern and matter of discussion for Cuban intellectual Fernando Ortiz. In his work, he makes the fundamental claim that sugar represented Cuba's dependency and weakness. Ortiz's principal argument along with his concept of *transculturation* in the study of peoples and their history became a focal point in the discourse among some anthropologists and historians. Cuban historian

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<sup>1</sup> Sidney W. Mintz, Sweetness and Power (New York: Penguin Books, 1986), xv-xvi.



Herminio Portell Vilá writes in his introduction to Cuban Counterpoint:

A difference of half a cent in the tariff on the sugar we export to the United States represents the difference between national tragedy in which everything is cut, from the nation's budget to the most modest salary, even the alms handed to the beggar, and a so-called state of prosperity, whose benefits never reach the people as a whole or profit Cuba as a nation.<sup>2</sup>

As Portell Vilá makes known, the link between the price of sugar and Cuba's economic existence was real and apparent. The livelihood of *colonos* and the profits of *centrales* depended directly upon the commodity's market value, since it in turn determined the price of cane. For the cane farmer, the amount that the mill paid for his crop represented his income. For the *central*, the cost of cane figured in its ledgers as the largest share of its production cost. The mill's expenses were a function of the amount paid for cane; the expense of manufacturing the sugar and transporting it; and the tariffs that had to be paid for the sale of sugar to foreign countries.<sup>3</sup>

Figure 5-1 represents data taken from San Vicente's comparative analysis of operation results during fiscal years 1911-12 through 1925-26. Data is based on the price of raw Cuban sugar, c. & f., in New York—the commodity's price before the payment of any duties. In this figure, one can see that the amount San Vicente paid for cane

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<sup>2</sup> Quoted from the "Introduction to the Duke University Press Edition Transculturation and the Politics of Theory: Countering the Center, Cuba Counterpoint" by Fernando Coronil in Ortiz, Cuban Counterpoint, xxix.

<sup>3</sup> The costs of production are summarized from the chart on Comparative Receipts and Expenses found in Compañía Azucarera San Vicente's 1922 Annual Report. See BBC, Series 10, Box 91, Folder title: Compañía Azucarera San Vicente, working papers of Manuel Rionda.

accounted for over half of its total expenses between fiscal years 1911-12 and 1920-21, with the exception of 1913-14.<sup>4</sup>

With regard to the *colono*, the price paid to him for his cane generally followed the rise and fall of sugar prices. In fiscal year 1912-13, when the price of sugar was the lowest it had been since 1902-03, San Vicente's cost of cane declined by almost half from the previous fiscal year. It was still, however, the largest single expense, accounting for 51.7% of the mill's total costs. Conversely, in 1919-20 during "the dance of the millions," when the price of sugar skyrocketed, San Vicente's cost of cane increased by 15.2% from the previous fiscal year and represented 77% of the total costs. The mill's profit rose by 26% during the same time. When the financial crisis hit in the autumn of 1920, the amount paid for cane in fiscal year 1920-21 dropped by 15.7%. It was also the first time that San Vicente had operated at a loss. Previously, at least since 1911-12, the mill had always earned a profit.<sup>5</sup>

*Colonos* prospered from the cultivation of cane during World War I and "the dance of the millions." Between 1914 and 1918, *colonos* at San Vicente secured an average of 51.2% of the mill's income generated by the sugar made from their cane. The *central's* profit accounted for 16.6% of its earnings. Cane farmers obtained their highest percentage, 70%, during 1919-20.<sup>6</sup> After the financial crash of 1920, however, profits

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<sup>4</sup> BBC, San Vicente, Comparative Analysis of Operating Results (Chart of Expenditures and Profits), Fiscal Years 1911-12 — 1920-21.

<sup>5</sup> Ibid. As noted in Fig. 5-1, the price of cane continued to decline into 1913-14 despite the slight increase in the market value of sugar. Essentially, the industry was still being affected by the 1912-13 slump in prices.

<sup>6</sup> BBC, Series 10, Box 91, Folder title: Compañía Azucarera San Vicente, working papers of Manuel Rionda, Annual Report for the fiscal year ending June 30, 1922, 14.

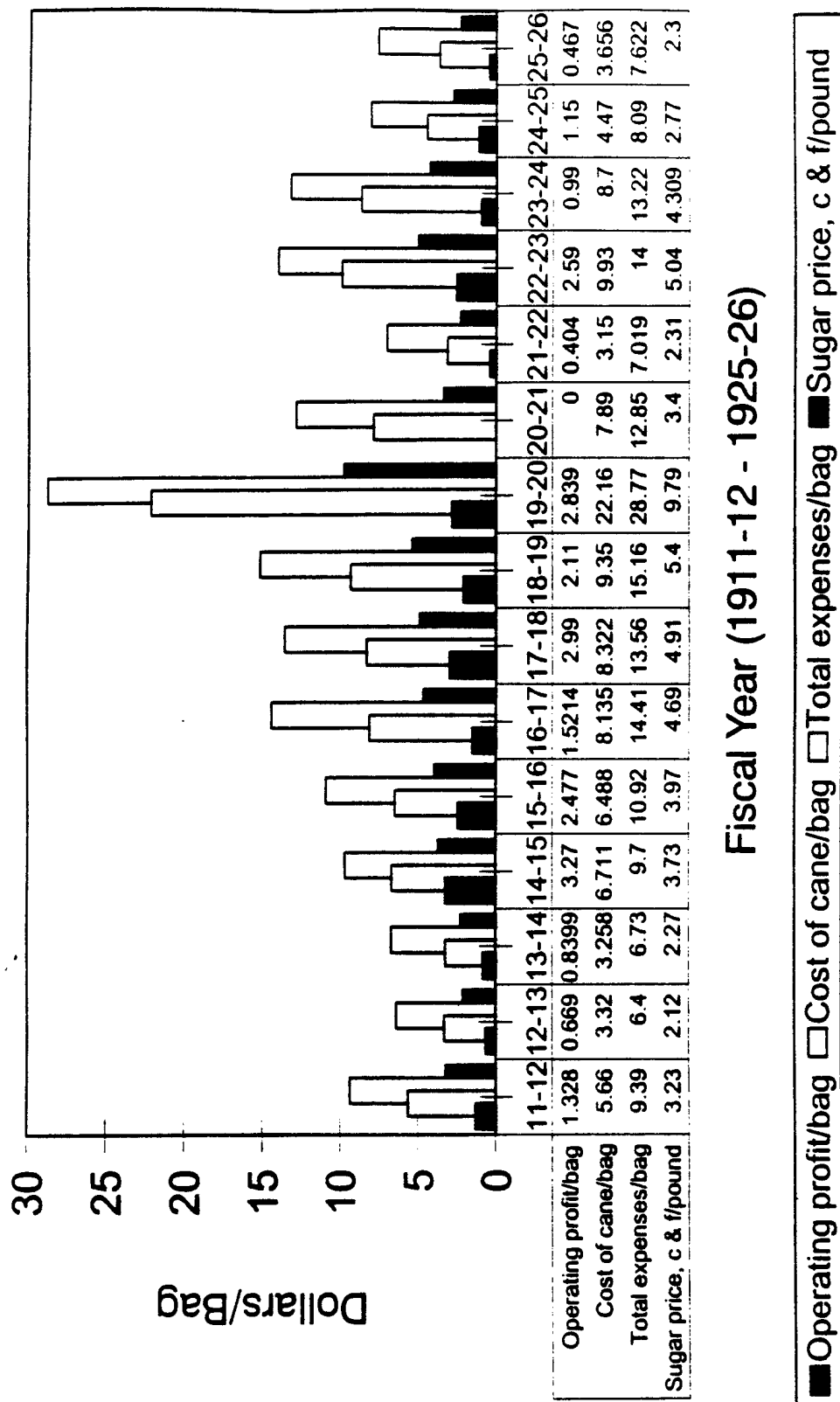


FIG. 5-1 - COMPARATIVE RESULTS OF OPERATING PROFITS FOR CENTRAL

SAN VICENTE, 1911-12 - 1925-26

BBC, Series 10, Box 91, Folder title Compañía San Vicente, working papers of Manuel Rionda, BBC, Series 10, Box 91, Folder title San Vicente, Agendas - Meetings of Board of Directors

from cane farming became virtually nonexistent; the value of Cuban sugar had plummeted. As a result, the *colonos'* share of earnings in 1921-22 was 42%. The mill made a 5.4% profit. The decrease in the cane farmer's portion demonstrates that the *central* turned to him to shoulder much of the financial burden when sugar prices declined, as was also noted in 1912-13.<sup>7</sup>

One can see that costs, profit, and price were related, and because the last of these was determined by market forces (supply and demand), price controls, and tariff barriers, the Cuban sugar industry was greatly affected by external factors. In such a situation, not even Manuel Rionda was in command of the industry, despite being a prominent sugar man who played a role in the setting of price controls during the war and tried to influence United States tariff policy through business and personal relationships. Rionda was a prime example of an individual inextricably linked to sugar. He had been called to Cuba by his uncle essentially because the island, with a prosperous economy founded on sugar, offered him better opportunities than did Spain. From the day he arrived in Havana to join his uncle and two older brothers until his death in 1943, Rionda's life moved to the rhythm of the sugar industry.<sup>8</sup> Hence, for Rionda, as for the *colono*, success depended largely on market conditions.

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<sup>7</sup> BBC, Series 10, Box 91, Folder title: Compañía Azucarera San Vicente, working papers of Manuel Rionda, Annual Report for the fiscal year ending June 30, 1922, p. 14.

<sup>8</sup> Manuel Rionda died on September 2, 1943. He was eighty-nine years old. See McAvoy-Weissman, Chp 30, p. 14.

Central-Colono Relations: The Case of Central San Vicente

The Braga Brothers Collection provided the opportunity to conduct the present study of Central San Vicente by furnishing the information specific to this sugar mill. Although the records contain letters from *colonos*, the bulk of the material is in the form of documents produced by the *central* and its holding company. These include internal correspondence written for the sole purpose of informing company officials, chiefly Rionda. As such, the research primarily reflects the policies of the mill in the production and the commercialization of sugar as well as in the treatment of the cane farmer.

Regarding *central-colono* relations, the case of Central San Vicente mirrors Cuban historiography, but also diverges from it. Writers of Cuban history as a whole have claimed that whether the cane farmer was an independent *colono*, a dependent farmer, a *colono* of the mill, or a *colono* from outside, he was bound by contracts stipulating the amount of cane to be grown and delivered; by the debts he had incurred to cover planting and harvesting expenses; by rental agreements; and by the use of private rail lines to transport cane. Until 1933, the *colonato*, as described, had remained largely intact—unchanged since the turn of the century—in that the cane farmer was beholden to the mill.

As previously discussed, *central-colono* relations centered fundamentally on the price of cane. Determining the crop's cost was a function of the mill's location, the market price of sugar, and the *colono's* resources. Prices for cane were higher in the western part of Cuba than in the eastern region because of the greater number of *centrales*, independent *colonos*, and public rail lines found in the west than in the east.

As San Vicente illustrates, there existed much competition for cane in Matanzas, and *colonos* who grew large amounts of the crop and who were not dependent on a mill had considerable leverage in their negotiations with *centrales*. Competition among mills for *colono* cane had been the norm in the western provinces since the latter part of the nineteenth century. According to Guerra, that competition ultimately doomed the *colono*, for when the mill expanded, it strove to control additional cane land in order to halt competition and limit the independence of the cane farmer, thereby ensuring a constant supply of cane at a cheaper price.<sup>9</sup>

The case of Central San Vicente, however, illustrates that, despite efforts to effectively dominate the cane farmer, competition in Matanzas continued well into the twentieth century and continued to benefit the *colono*. The difference between the experience of San Vicente—as a mill in Cuba's most developed sugar producing province and long the traditional cane heartland—and what is generally claimed about the cane farmer supports Rebecca Scott's claim that *colonos* formed a varied group.<sup>10</sup> Some were men of great means, while others lived in deplorable conditions.<sup>11</sup> Collectively, they experienced a wide range of different arrangements with *centrales*.

The *colonos* who had their cane ground at San Vicente—whether they sold it to the mill or grew it on the *central's* land—varied throughout the period examined. As the mill expanded in size and acquired additional properties during World War I, and later as

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<sup>9</sup> Guerra, 75.

<sup>10</sup> Scott, 212.

<sup>11</sup> The September 20, 1913 issue of *The Louisiana Planter* (206-207) contains an article describing the extremely poor living conditions of a group of *colonos del central* on one specific mill.

the number of *colonias* declined in the 1920s, *colonos* came and went in the course of San Vicente's transactions. Some, however, such as Manuel Rubio, Juan Larrea, and Lorenzo Ibarra, whom have been discussed, remained as faithful cane farmers to San Vicente for many years.

The movement of *colonos* among *centrales* and their entering and exiting the sugar industry blurred the lines that divided the different categories of cane farmers. Some *colonos* who were defined as dependent *colonos* because they did not own their land were actually not dependent on San Vicente or any other *central*. They paid their rent in cash and were relatively free to sell their cane to the mill of their choice. These *colonos* figured in San Vicente's lists of cane farmers and in company accounts in some years and not in others. Other instances reveal that some farmers who were considered *colonos* of the mill because they farmed land owned or rented by San Vicente also possessed their own lands outright. Gerónimo Morales, a *colono*, figured in all three of San Vicente's categories of cane sources. He was registered in the company's lists as a *colono* who farmed on land owned or rented by the mill (*colono* of the mill); on land owned by *colonos*, but whose cane was required by contract to be ground at San Vicente; and on land belonging to *colonos independientes* who had made private or verbal contracts with the mill.<sup>12</sup>

The case of Morales and of others who were discussed in Chapter 3 reflects the complex nature of land tenure in San Vicente's district and in the rest of western Cuba. Because the Cuban sugar industry was most developed in the western part of the island,

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<sup>12</sup> Information is taken from the BBC as a whole, especially from Series 14, vols. 2-6. Also see BBC, Series 10, Box 91, Folder title: San Vicente, Crop Restriction by Cuban Government, Cia. Azucarera San Vicente to Rafael Sánchez Aballi, November 29, 1926.

the new *centrales* that emerged in that region faced greater competition for land and later for cane than in the east. Virgin land was not readily available in western Cuba. In response to this scarcity, mills accessed additional cane by purchasing existing properties or renting them. Some *colonos* also bought land and rented their holdings to other cane farmers or to mills. As a rule, when agreements for the sale or lease of a property was made, they included *colono* contracts and/or arrangements for the cane on the property being transacted. In this manner, San Vicente entered into a convoluted landholding situation and into a complex web of relations with *colonos*.

In eastern Cuba, however, where land was more abundant, sugar producers were essentially able to establish *centrales* on large tracts of virgin land without the obstacles presented by a preexisting system of land tenure as occurred in the west. Cuban economist and geographer Levi Marrero writes that the sugar mills established in Camagüey and Oriente after 1900 were erected in areas with low populations.<sup>13</sup> In 1899, the two eastern provinces respectively had a population density of 8.67 and 23.19 inhabitants per square mile. In contrast, Matanzas had 62.1 inhabitants per square mile.<sup>14</sup> Owing to this difference, mill owners in the east, such as the Riondas in the case of Francisco and Manatí, actually brought *colonos* from the western part of the island or Spanish immigrants en masse to cultivate cane on their estates.<sup>15</sup>

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<sup>13</sup> Marrero, *Geografía de Cuba*, 3<sup>rd</sup> ed., 219.

<sup>14</sup> Figures taken from Schroeder, 42. In 1899, Matanzas had a population of 202,444; Camagüey, 88,234, and Oriente, 327,715. The three provinces measured 3,260 sq. miles, 10,172, and 14,132 respectively.

<sup>15</sup> Both Lauriault and Smith report that this in fact occurred at *centrales* Francisco and Manatí. Smith labeled these cane farmers as "pioneer colonos"; Also see BBC, Series 2, vol. 48, Manuel Rionda to Plácido Alonso, November 17, 1919. In this letter, Rionda informs Alonso that they will lend their assistance to Severo Pina, owner of finca Macuto, in establishing a mill in the east. Rionda reports that Pina has a large group of *colonos* assembled and waiting to move with him. Also see Iglesias Garcia, 54.



Because eastern *centrales* were able to bring an immense amount of land under their effective control, they could impose the terms they desired for the cultivation and supply of cane. Smith reports that since Central Manati had "de facto control of the cane from a vast land area, . . . the company could for the most part stipulate the price it wished to pay." As such, the mill paid low prices throughout its first decade of operation.<sup>16</sup>

At San Vicente, however, the management and ownership of the mill made many efforts to treat its *colonos* and employees well, and letters to the Riondas from a number of cane farmers and mill workers support this claim. Nevertheless, Cuban historiography suggests that *central-colono* relations were strained and adversarial. The general argument is that the *colono* was basically trapped by the mill, becoming a servant of the *central*. In this situation, the cane farmer tried to obtain the best possible set of terms for the cultivation and delivery of his cane. Friction arose over the price of cane and dividing certain costs between mill and farmer.<sup>17</sup> *Colonos* desired higher cane prices and more rail cars, while *central* owners wanted more cane from the *colono* whether or not additional rail cars or rail lines were available.<sup>18</sup>

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<sup>16</sup> Smith, 95.

<sup>17</sup> The case of the WWI sugar tax serves as an example. In 1918, *colonos* in the province of Havana submitted a formal protest to President Menocal against the liquidation rate, the price paid to the *colono* at the end of the harvest in closing the entire transaction related to cane. They claimed that the *centrales* had purposefully lowered the rate as a response to the tax on sugar. The farmers felt that the mills were unfairly transferring the burden of the increased cost to them. See The Louisiana Planter and Sugar Manufacturer, February 16, 1918, 102.

<sup>18</sup> Smith relates a similar experience in his discussion on *colonos* at Central Manati. See Nature and Profit, 93-96.

In one instance, Plácido Alonso complained that *colonos* thought only about money and trains.<sup>19</sup> Writing to his cousin-in-law Bernardo Braga Rionda, he claimed that his job was at times quite difficult, since as the manager, he stood between Rionda and the *colonos*. He was blamed if farmers sold their crop to San Vicente's competitors despite having done all he could to satisfy them and insure that they brought their cane to San Vicente. At the same time, he was restricted by Rionda in meeting their demands for higher prices and financial benefits.<sup>20</sup>

Because the *central* had greater capital resources than the *colono* and had established connections within the sugar industry, it had considerable power over the cane farmer at its disposal. Mill owners had the choice to refuse and renew rental contracts practically at will. They also had the ability to remove *colonos* from the plantation by pressuring them into selling their land or terminating their leases.<sup>21</sup> The case of Juan Domingo Larrea discussed in Chapter 4 serves as an example. Larrea, a *colono* of the mill, was displaced from Gracitudo in 1928, and although he was compensated, his removal reflects the mill's control over *colonos* of the mill.

In its superior position, the mill could use its control in a benevolent fashion, as San Vicente did when it canceled debts and ensured that the sale of its stock to Tarafa was carried out in such a manner that *colonos* were not negatively affected regarding rental agreements and mortgages. Likewise, the mill could employ its power in an abusive manner. On this topic, Rebecca Scott writes that since the 1890s, "Contracts

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<sup>19</sup> BBC, Series 14, vol. 3, Plácido Alonso to Manuel Rionda, June 29, 1910.

<sup>20</sup> BBC, Series 14, vol. 3, Plácido Alonso to Bernardo Braga Rionda, July 13, 1910.

<sup>21</sup> Braga, 78.

between colonos and mills . . . show the efforts of the estates to extend control over the *colono* and guarantee that he would sell only to a single mill. Such dependency, in turn, made possible abuses at all stages of the process . . .<sup>22</sup> Plácido Alonso's statements on "tying" the *colono* and negotiating contracts when he was out of money corroborate Scott's statement.

Concerning abuses, several historians have cited the fact that *centrales* paid *colonos* based on a rate determined by the mill and not on the *promedio* obtained at the Cuban port where the *central* sold its sugar and from where it was exported. San Vicente's handling of this matter, however, illustrates that this was not necessarily an exploitative practice. Rionda notified Alonso in June 1917 to pay the *colonos* on the basis of the *promedio* instead of the company's price and to deduct the cost of transporting the sugar from the *central* to the port—an expense which the mill incurred.<sup>23</sup> The overland shipping and freight cost of sugar accounted for the difference in the price paid to the *colono* and the price received by the *central*.

San Vicente spent an average of 8.1% of its earnings during fiscal years 1911-12 and 1921-22 on sugar transport expenses, which included bags, packing and shipping costs, and insurance. In the specific case of 1913-14, this expenditure accounted for 10.3% of the *central's* income, while the difference between the *promedio* and the rate paid to *colonos* was 1%.<sup>24</sup>

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<sup>22</sup> Scott, 211.

<sup>23</sup> BBC, Series 2, vol. 42, Manuel Rionda to Plácido Alonso, June 1, 1917.

<sup>24</sup> BBC, Series 10, Box 91, Folder title: Compañía Azucarera San Vicente, working papers of Manuel Rionda, Annual Report for the fiscal year ending June 30, 1922, p. 14; BBC, Series 1, Box 1, Folder title: Alonso, Plácido, Plácido Alonso to Manuel Rionda, November 23, 1913.

Figure 5-2 depicts the different quotations for sugar in relation to one another.

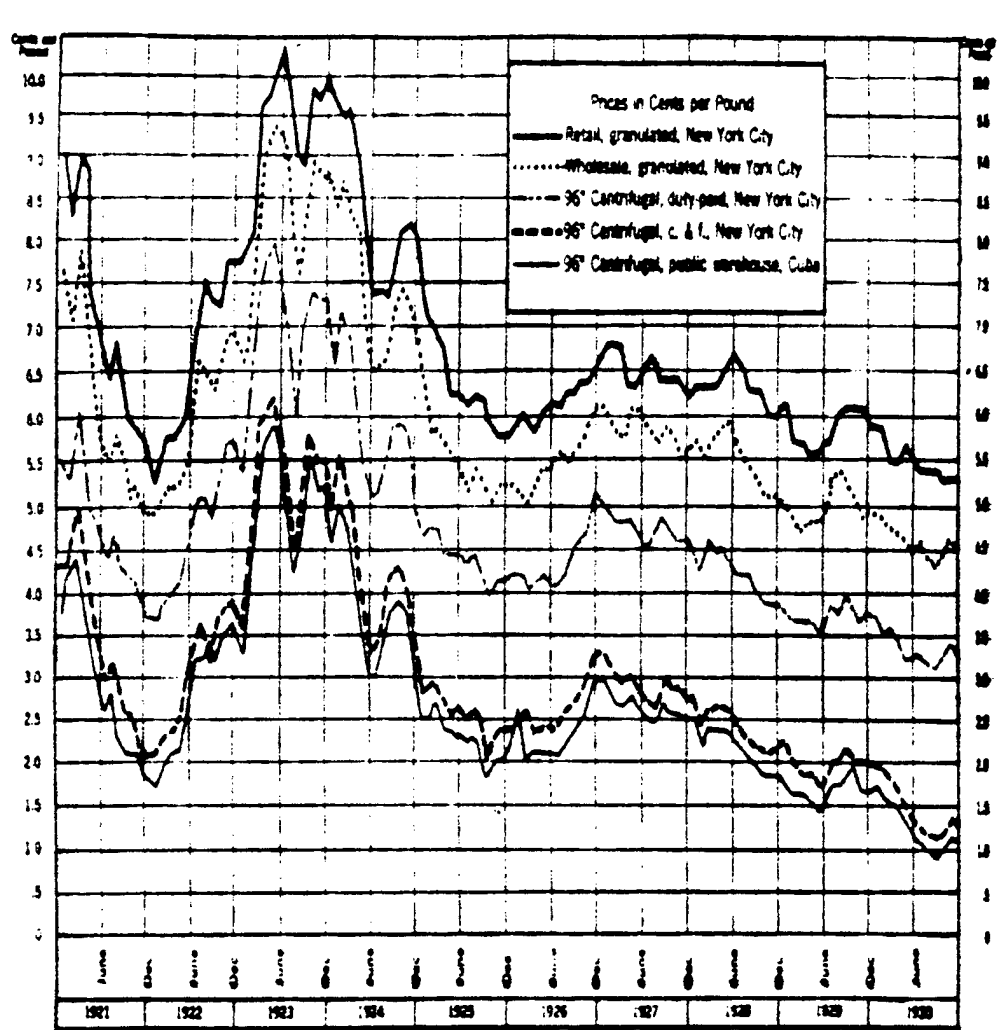


FIG. 5-2 — SUGAR PRICES IN NEW YORK AND CUBA, 1921-1930

Graph: Lippert, 102.

One can note that the value of raw Cuban sugar, c. & f., in New York did not greatly differ from the island's *promedio*. Although Rionda sold sugar in the U.S. at a higher price than in Cuba, one cannot claim that his intent was to underpay on the island and sell at much higher prices on the New York market.

### Conflict in Central-Colono Relations

The historiography on the *colonato* maintains that as the sugar industry evolved, the *colonato* was designed so that the cane farmer shared in the risks of the sugar trade. The mill's dominance within the industry allowed it to mold the institution more in line with its agenda, transferring a greater portion of the financial burden to the *colono*. Despite the arrangement of the *colonato* in such a manner that it favored the *central*, cane farmers fared well in times of high sugar prices. Conversely, they suffered considerably when prices were low.

Historians cite numerous examples of conflict within the sugar industry resulting from the economic crises during the 1920s and 1930s. According to San Vicente's records, however, no *colono* or labor strikes occurred at the *central*. The only mention in the mill's records of any trouble regarding farmers is Higinio Fanjul's report of an incident in 1922 involving a commission that *colonos* had organized in the area of San Vicente to address their grievances. The farmers were protesting the lower price that Central Soledad was paying its *colonos* for their cane. In its argument, the commission cited that San Vicente treated its cane farmers well. Apparently, the difference in treatment between the two mills had sparked the protest. Fanjul intervened on behalf of his fellow mill owner in the negotiations with the commission.<sup>25</sup>

Because San Vicente's records do not report any instances of conflict with either *colonos* or laborers, one can assume that the *central* was able to maintain a relationship

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<sup>25</sup> BBC, Series 10, Box 91, Folder title: San Vicente, Leasing the Plantation to *Colonos*, Higinio Fanjul to Manuel Rionda, January 31, 1922.

with both groups that functioned in its favor. Apparently, conditions at the mill did not give sufficient cause for farmers and workers to strike. A letter from Plácido Alonso to Manuel Rionda lends further support to this general claim regarding *central-colono* relations on San Vicente. Responding to Rionda's complaints about cane farmers at Francisco and Manati, Alonso wrote that he could not complain about the *colonos* with whom the mill did business. He stated that they were industrious and did the best they could. Although Alonso claimed that he did not purposely wish to criticize anyone, he implied that the laborers were not as hard working as the farmers.<sup>26</sup>

As far as *colonos* at Central Francisco and elsewhere in the east were concerned, Rionda felt he had ample reason to complain. In response to the severe economic crisis that begun in 1925, *colonos* in Camagüey organized and formed the *Bloque Agrícola de Colonos de Camagüey* (the Agricultural Bloc of Colonos of Camagüey).<sup>27</sup> In August of that year, the organization sent a letter outlining its requests to each of the province's *centrales*. The first demand listed was that *colonos* not be paid less than 6 *arrobas*. At San Vicente during approximately the same time, the majority of cane farmers were receiving a price of 6.5 *arrobas*.<sup>28</sup> Prices for cane in the west were still higher than in the east.

The *colono* movement in Camagüey greatly upset Rionda, who had always considered himself a "defender" of the cane farmer. He claimed the family's *centrales* in

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<sup>26</sup> BBC, Series 14, vol. 4, Plácido Alonso to Manuel Rionda, March 6, 1914.

<sup>27</sup> BBC, Series 10, Box 31, Folder title: *Colonos*, Eastern Cuba, Bloque Agrícola de Camagüey, Leandro Rionda to Manuel Rionda, October 2, 1925.

<sup>28</sup> BBC, Series 10, Box 92, Folder title: San Vicente, Sale of Stock to J. M. Tarafa, Manuel Rionda to José Tarafa, May 17, 1927.

Camagüey (Francisco and Elia) treated the *colonos* fairly and made concessions to them at the mills' expense. He specifically cited that during the previous three harvests, Central Francisco had earned an average profit of less than 10% of the mill's earnings.<sup>29</sup> San Vicente had fared better, but not considerably—making an average profit of 11.5%.<sup>30</sup> According to Rionda, since the price paid to *colonos* for their cane accounted for the greatest share of the mill's earnings, they could not claim that the mill was unjustly profiting at their expense. He further claimed that a frugal and industrious *colono* with 20 *caballerías* of land could earn a yearly profit of \$8,000 to \$10,000, suggesting that this amount represented a reasonable financial gain.<sup>31</sup> Central Francisco responded to the letter by claiming it would continue handling matters with *colonos* on an individual basis, not collectively.<sup>32</sup>

During the economic crises of the 1920s and early 1930s, cane farmers at San Vicente instead appealed directly to the *central* for financial assistance and for terms which they could meet. The mill responded for the most part in a charitable manner—

influenced by its interest to maintain cooperation with the farmers and in acknowledgment of their long-standing relationship. For instance, Lorenzo de Ibarra, a long-time *colono* at San Vicente who had become seriously ill and whose economic

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<sup>29</sup> BBC, Series 10, Box 31, Folder title: *Colonos, Eastern Cuba, Bloque Agrícola de Camagüey*, Manuel Rionda to Aurelio Portoundo, August 17, 1925. In his letter, Rionda refers to himself as "*un gran defensor del colono*." Translated by B. Fraga.

<sup>30</sup> BBC, Series 10, Box 90, Folder title: *San Vicente, Agendas - Meetings of Board of Directors, 1924, Comparison of Operating and Accounting Data Charts, 1922-23 - 1924-25*.

<sup>31</sup> BBC, Series 10, Box 31, Folder title: *Colonos, Eastern Cuba, Bloque Agrícola de Camagüey*, Manuel Rionda to Aurelio Portoundo, August 17, 1925.

<sup>32</sup> BBC, Series 10, Box 31, Folder title: *Colonos, Eastern Cuba, Bloque Agrícola de Camagüey*, The Francisco Sugar Company to Asociación Provincial de "*Colonos de Camagüey*", October 1, 1925.

situation was quite unfortunate. was given a \$100 monthly allowance from 1923 until December 1925 when he died.<sup>33</sup> Regarding mill employees, San Vicente gave them annual bonuses, or "monetary gifts," between 1922 and 1927, and again in 1931, when the administration of the mill was reorganized.<sup>34</sup>

Lastly, *colono* debts, whether as a general item in the company's ledgers or as individual cases with certain farmers, were either reduced or entirely forgiven throughout the course of the decade. The Riondas charitable response and the positive rapport they had with *colonos* partly explains the reason that San Vicente never experienced strikes or protests. Had the Riondas not met the cane farmers' requests, perhaps *colonos* would have expressed their frustration by not cutting and delivering their cane, as did occur at other mills.

Aside from San Vicente's specific experience, it was common for *colonos* in Cuba, particularly in the east, to organize themselves and strike as the economic situation worsened throughout the 1920s. According Braga, collective action took the form of several strikes between 1923 and 1926 throughout Cuba. "One of the most serious strikes occurred in 1924 when *colonos* protested violently at the Chaparra and Delicias sugar mills, forcing the Cuban-American Sugar Company to give into their demands.

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<sup>33</sup> BBC, Series 10, Box 91, Folder title: Lorenzo de Ibarra, Manuel Rionda to Higinio Fanjul, October 25, 1923. Ibarra was the owner of *fincas* Gratitud and Aguas Nuevas, which San Vicente leased. Upon becoming ill, he was cared for by his sister-in-law Fabiana M. Vda. de Vinageras. The correspondence between Sra. Vda. de Vinageras and the Riondas, shows her return address as a house in El Vedado, a wealthy residential area of Havana. The house most likely belonged to Ibarra, for after his death, San Vicente's lease payments for Gratitud and Aguas Nuevas were sent to Sra. Vda. de Vinageras in Jacksonville, Florida. She had become the proprietor of the two *colonias*. The allowance given to Ibarra was actually charged on Manuel Rionda's account.

<sup>34</sup> BBC, Series 10, Box 90, Folder title: San Vicente, Bonuses; BBC, Series 10, Box 91, Folder title: Sale of San Vicente (Correspondence with Higinio Fanjul), José M. Tarafa to Compañía Azucarera San Vicente, S.A., Jun 30, 1931.



The success of the movement at Chaparra and Delicias promoted *colonos* at other mills to go on strike the following year.<sup>35</sup> The result was a nation-wide strike that began in the eastern province of Camagüey, delaying the 1925-26 harvest by more than a month.<sup>36</sup>

As a backlash against the *colonos*' attempts at changing the conditions within the industry, Braga claims that *centrales* turned increasingly to administrative farming after 1925.<sup>37</sup> This trend was also in response to the worsening economic conditions. According to the U.S. Commission on Cuban Affairs, the amount of cane ground from this method of cultivation increased from 20.02% to 25.7% between 1930 and 1933.<sup>38</sup> San Vicente, however, continued to rely on *colonos* for its cane. In fact, the only mention in the mill's records of administrative cane refers to *finca* Herrera when it was being acquired during the war. Furthermore, in a 1922 report on the *central*, Rionda wrote that no cane was cultivated using this method.<sup>39</sup> In addition, material reviewed pertaining to other Rionda estates along with the works of Lauriault and Smith imply that administration farming was either not used at all or very little, since no mention of it is found.

On the contrary, administrative cane was prevalent on the strictly foreign-owned *centrales*. Marrero wrote in 1957 that this method of cultivating cane had not yielded the

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<sup>35</sup> Braga, 80.

<sup>36</sup> McAvoy-Weissman, Chp. 20, pp. 7-10.

<sup>37</sup> Braga, 87.

<sup>38</sup> Foreign Policy Association, Problems of the New Cuba: Report of the Commission on Cuban Affairs (New York: J.J. Little and Ives, Co., 1935), 271.

<sup>39</sup> BBC, Series 10, Box 92, Folder title: San Vicente, Sale (prospective), Correspondence with Higinio Fanjul. Report on the lands and cane of San Vicente.

outcomes desired by the giant foreign corporations. By 1952, only 6% of Cuba's cane would be cultivated in this manner.<sup>40</sup> Nonetheless, during the early years of the Great Depression, between 1930 and 1933, the quantity ground from independent *colonos* decreased from 16.3% to 10.3%.<sup>41</sup> The remaining amount continued to be farmed by dependent cane farmers who leased land from the *central* (fig. 5-3). According to Lauriault, "by 1930 the *colonos independientes* were everywhere on the retreat."<sup>42</sup>

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<sup>40</sup> Marrero, *Geografía de Cuba*, 3<sup>rd</sup> ed, 219. Marrero, a Ph D, was professor of the *Instituto Superior de Estudios e Investigaciones Económicas de la Universidad de La Habana* and member of the *Sociedades Geográficas* of Cuba, Mexico, New York, and Lima.

<sup>41</sup> Foreign Policy Association, 271. The report cites that the proportion of area harvested from independent *colonos* increased from 9.3% in 1931 to 10.4% in 1932, but then decreased to 9.9% in 1933. Also see, Marrero on the decline in the number of independent cane farmers and on the condition of cane farmers as a whole after the early 1930s.

<sup>42</sup> Lauriault, 368.

PROVINCE	YEAR	ADMINISTRATION CANE	COLONO DEL CENTRAL	COLONO INDEPENDIENTE
Pinar del Río	1905	27.8	30.5	41.7
	1913	18.7	44.3	37.0
	1930	24.6	46.8	28.6
La Habana	1905	22.6	38.0	39.4
	1913	8.8	50.3	40.9
	1930	12.6	74.5	12.9
Matanzas	1905	27.4	35.2	37.3
	1913	8.1	46.8	45.1
	1930	4.5	58.9	36.5
Las Villas	1905	24.6	26.4	49.0
	1913	16.1	50.6	33.3
	1930	11.5	70.5	18.0
Camagüey	1905	55.5	43.5	1.1
	1913	10.6	79.2	10.2
	1930	14.5	77.1	8.4
Oriente	1905	41.9	40.4	17.6
	1913	17.6	72.1	10.3
	1930	32.7	55.0	12.3
CUBA	1905	30.3	33.1	36.5
	1913	13.4	56.9	29.7
	1930	18.3	65.9	15.7

FIG. 5-3 — PORTION OF CANE SUPPLIED BY SOURCES

The table lists the shares of cane supplied, as a percentage, by administration farming, *colonos del central* (*colonos of the mill*), and *colonos independientes* (*independent colonos*) for selected years according to province.

Lauriault, 369. Las Villas is labeled as Santa Clara in the original.

## SUMMARY AND CONCLUSIONS

### The Cuban Sugar Industry, 1914-1934

The First World War represented a period of favorable market conditions for the Cuban sugar industry. It brought higher sugar prices and more capital to Cuba. During World War I, mill owners profited and made substantial progress in the modernization of their mills, improving efficiency and increasing output. *Colonos* and workers also gained financially; many were able to clear their debts with mill owners and make material improvements in their lives. Prosperity continued after the war and peaked during "the dance of the millions," as banks flourished and credit flowed easily, further encouraging expansion within the sugar industry.

Market conditions changed in May of 1920. Supply exceeded demand.<sup>1</sup> The market price of sugar fell, and consequently, the Cuban sugar industry saw its earnings decline drastically. Consequently, the profits of *centrales* and the incomes of *colonos* dwindled. The financial crash of 1920 hit Cuba hard and ushered in a period of economic contraction and crisis. Throughout the island, mill owners went bankrupt and *colonos* found themselves unable to pay their debts accrued during the "good times." Their hopes for regaining solvency practically vanished with the debacle of Cuban banks,

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<sup>1</sup> The perceived shortage in the world's sugar supply proved incorrect. According to "P. F. Spitzfaden, during hearings held in October 1919, concerning the deregulation of sugar, "some of the members of the Senate Agricultural Committee insisted that there was a shortage in the supply of sugar . . ." See "The Price of Sugar," The Louisiana Planter and Sugar Manufacturer, January 17, 1920, 40.

which had traditionally been the *colonos*' primary source of financial assistance. Except for the 1923-24 biennium, sugar prices continued to decline throughout the 1920s and into the 1930s, with the onset of the Great Depression.

Conditions outside Cuba affecting its sugar industry changed once more in 1934, with the Jones-Costigan Act. The United States Congress passed this law on May 9, and according to Hugh Thomas, "[it] determined sugar policy in Cuba for the next twenty-five years."<sup>2</sup> The act assigned to the Secretary of Agriculture the task of forecasting each year the quantity of sugar needed by the United States—not to go below a minimum amount stipulated by the law. Each sugar producing area, both foreign and domestic, was then assigned a quota as a percentage of this quantity. The law also lowered the tariff on Cuban sugar from 2.0 cents a pound to 1.5 cents and later to 0.9 cents.<sup>3</sup>

With the new U.S. sugar legislation, sugar prices rose; Cuban producers were able to retain a greater share of their profits; and they were guaranteed a fixed share of the U.S. market. As a result, economic conditions on the island improved and stability returned to the Cuban sugar industry.<sup>4</sup> The island's earnings from sugar increased to

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<sup>2</sup> Thomas, 692.

<sup>3</sup> Pérez-Cisneros, 46-47. The Jones-Costigan Act designated a specific amount for domestic beet and cane sugar, but left the proportion the proportion intended for the U.S. insular possession and Cuba to the discretion of the Secretary of Agriculture. According to Pérez-Cisneros, the 1934 quota for Cuba was determined based on its exports to the U.S. during the triennium of 1931-33, which represented the lowest quantity exported. The same three-year period was used for the Philippines, Puerto Rico, and the Virgin Islands. While 1930-32 was the period chosen for Hawaii. These four islands constituted the U.S. insular possessions.

<sup>4</sup> Ibid. Also, according to Thomas, the Jones-Costigan Act was an attempt to help Cuba. However, it was later attacked for restricting the production of Cuban sugar and denounced as "economic servitude." See Cuba, 693.

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\$73,100,000 in 1934 after having reached a record low of \$53,700,000 in 1933. During the same interval, the number of mills in operation grew from 125 to 135.<sup>5</sup>

Along with the island's stabilizing economic situation, conditions for *colonos* also began to improve substantially after 1933 when a revolution ousting the Machado government instituted legislation that significantly altered the conditions of production. Sugar mill owners were required to pay a minimum price for *colono* cane. Thus, determining the price of cane was no longer an unregulated feature of *central-colono* relations, and it was no longer solely a function of the power play between the mill and the cane farmer. Workers gained from the establishment of a minimum wage, workmen's compensation, accident insurance, paid vacations, and general improvements in living and working conditions.<sup>6</sup> In addition, labor unions obtained greater authority at the mill level.<sup>7</sup> These changes came at the expense of the *central*, which saw its costs of production rise while its power within the industry declined.

#### Colonos and Laborers in the Case of Central San Vicente

Although the records of San Vicente contained in the Braga Brothers Collection provide a wealth of information on the Cuban sugar industry, the material only presents the perspective of the *central* in its relations with *colonos*. Thus, information pertaining

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<sup>5</sup> For figures on the value of Cuban raw sugar production and the number of *centrales*, see Schroeder, 257, 259. After 1926, no new mills were constructed in Cuba. The number of *centrales* in operation, however, declined thereafter from 184 to 172 in 1928, to 163 in 1929, 157 in 1930, 140 in 1931, to 133 in 1932, and to 125 in 1933.

<sup>6</sup> Braga, 125. Braga's original source is Hernan G. Vogenitz to the United States Department, Jun 16, 1935, DPR 2116957034

<sup>7</sup> Ibid., p. 124. Braga's original source is Letter 1769 to Sumner Welles, Havana, Dec 15, 1937, DPR 2116957034; and letter Sumner Welles, Mar 15, 1939, DPR 2116957089.

to *colono-laborer* relations is excluded, owing perhaps to the structure of the *colonato* which delegated the task of securing fieldworkers to the cane farmer. However, one can conclude that as the situation of *colonos* worsened, the condition of workers also deteriorated—most likely to a greater degree.<sup>8</sup> At the conclusion of this work, the labor question has remained an unexplored—yet an important—part in the complete understanding of the *colono* experience during 1914 and 1933.

Nevertheless, the case of Central San Vicente illustrates the complexity of the *colonato* and the varied experiences of *colonos* in western Cuba. The specific case of this *central* further demonstrates that one must be cautious when making generalizations regarding the treatment of cane farmers by mills. To claim that the Riondas exploited cane farmers would be an exaggeration, for although paternalistic in his attitude toward *colonos*, Manuel Rionda and the management of San Vicente treated farmers with considerable fairness, as revealed by the mill's records. In their correspondence with one another and with certain *colonos*, Rionda and the mill's managers expressed a sincere concern that they maintain a cooperative relationship with the *colonos*, reflecting a genuine interest in their condition.

San Vicente reveals several nuances in *central-colono* relations during 1914-1933. It reflects some of the outcomes manifested and produced at the local level by variations in world market conditions. These changes had important implications for both the *central* owner and *colonos*, whose interactions illustrate the dynamics of the island's primary economic activity. Sugar was Cuba's link to the international market.

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<sup>8</sup> In assessing the plight of workers, it is useful to recall the data previously presented on the decline in labor wages during the Great Depression. In 1929, a cane cutter made \$1.60 a day, and in 1932, only \$0.50. See Schroeder, 190.

As a mill, San Vicente also manifests some of the social ramifications of sugar production and of the island's role in the world economy. The fluctuations in the price of sugar impacted cane farmers and mill owners in a similar manner yet with varying degrees. In years of prosperity, both groups fared well, and in years of economic downturn, both suffered financial losses.



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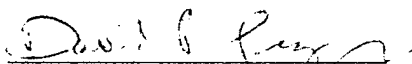
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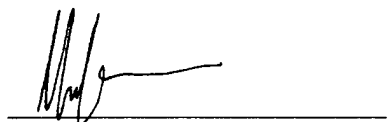
### BIOGRAPHICAL SKETCH

Bolívar Moyano Fraga was born in Houston, Texas, in 1974. He attended the United States Air Force Academy from 1992 to 1996. Upon graduation, he was commissioned as an officer in the Air Force and was awarded a Bachelor of Science in History. He entered as a candidate for a Master of Arts in Latin American studies at the University of Florida in August 1996.

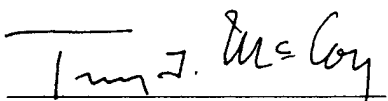
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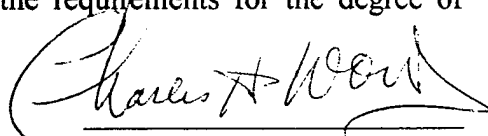
  
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Terry L. McCoy  
Professor of Latin American  
Studies

This thesis was submitted to the Graduate Faculty of the Center for Latin American Studies, to the College of Liberal Arts and Sciences, and to the Graduate School and was accepted as partial fulfillment of the requirements for the degree of Master of Arts.

December 1997

  
Director, Center for Latin  
American Studies

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Dean, Graduate School

Abstract of Thesis Presented to the Graduate School  
of the University of Florida in Partial Fulfillment of the  
Requirements for the Degree of Master of Arts

*CENTRAL-COLONO* RELATIONS WITHIN THE CUBAN SUGAR INDUSTRY,  
1914-1933:  
EXPLORING THE LOCAL CONSEQUENCES OF GLOBAL CHANGES  
THE CASE OF SAN VICENTE FROM WWI TO THE GREAT DEPRESSION

By

Bolívar Moyano Fraga

December 1997

Chairman: Dr. David P. Geggus  
Major Department: Latin American Studies

Sugar has been a mainstay of the Cuban economy since the mid-eighteenth century. It has tied the island nation to forces not only beyond its physical domain but out of its control as well. As such, Cuba and its inhabitants have been dependent upon world market conditions and other factors that have impacted the international sugar trade. An important element in the production of sugar since the mid 1800s has been the relationship between the *central* (sugar mill) and the *colono* (cane farmer).

The manner in which this relation has been affected by the changes in the world price of sugar is an important manifestation of the local consequences resulting from global changes throughout twentieth-century Cuban history. World War I and the Great Depression were two significant world events that impacted the international sugar market. A study of the specific experience of a mill in western Cuba regarding the

interactions between mill and cane farmer from 1914 to 1933 contributes to the understanding of Cuban history.

This thesis relied on materials contained in the Braga Brothers Collection, considered to be a principal source of archival information found in the United States pertaining to the Cuban sugar industry from the late nineteenth century to the 1960s. The collection belongs to the Department of Special Collections of the University of Florida.



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